Santa Clara Valley Water District
Board of Directors

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: https://valleywater.zoom.us/j/84454515597

*AMENDED/APPENDED
REGULAR BOARD MEETING
AGENDA

Tuesday, May 12, 2026
1:00 PM

***ITEMS AMENDED AND/OR APPENDED SINCE THE ORIGINAL PUBLICATION OF THIS AGENDA ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

DISTRICT BOARD OF DIRECTORS
Tony Estremera, Chair-District 6
Richard P. Santos, Vice Chair-District 3
John L. Varela-District 1
Shiloh Ballard-District 2
Jim Beall-District 4
Nai Hsueh-District 5
Rebecca Eisenberg-District 7

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MELANIE RICHARDSON
Interim Chief Executive Officer

CANDICE KWOK-SMITH
Clerk, Board of the Directors
(408) 630-3193
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Board of Directors

*AMENDED/APPENDED AGENDA

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IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as hybrid meetings, conducted in-person as well as by telecommunication, and are compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while maintaining transparency and public access, members of the public have the option to participate via teleconference/video conference or attend in person. To participate in the meeting via teleconference/video conference, please refer to the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order that requests are received and granted speaking access to address the Board. Written comments on any item on the agenda may be submitted to clerkoftheboard@valleywater.org or board@valleywater.org.

- Members of the Public may test their connection to Zoom Meetings at: https://zoom.us/test
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: https://www.youtube.com/watch?v=TojJpYCxXm0

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This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq., and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes, or other obligations. Any projections, plans, or other forward-looking statements included in the information on this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities

disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at https://emma.msrb.org/ and https://www.valleywater.org/how-we-operate/financebudget/investor-relations, respectively.

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1. CALL TO ORDER/ROLL CALL:

1.1. Roll Call.

2. CLOSED SESSION:

Notice to the Public: The Board of Directors meets in Closed Session in accordance with the Ralph M. Brown Act. Following the conclusion of Closed Session discussion, the Board will return for the remaining items on the regular meeting agenda.

3. 1:00 PM - TIME CERTAIN:

3.1. Pledge of Allegiance/National Anthem.

3.2. Orders of the Day.

A. Approximate Discussion Time (Board); and
B. Adjustments to the Order of Agenda Items.

3.3. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: Members of the public who wish to address the Board/Committee on matters not listed on the agenda may do so by completing a Speaker Card and submitting it to the Clerk, or by using the "Raise Hand" feature within the Zoom meeting application to request recognition. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and, when recognized, will be granted speaking access to address the Board/Committee.

Public comments shall be limited to three (3) minutes per speaker, or such other time as determined by the Chair. State law does not permit the Board/Committee to take action on, or engage in extended discussion of, any item not appearing on the posted agenda, except as otherwise authorized under applicable law. If Board/Committee action is requested, the matter may be scheduled for consideration at a future meeting.

All public comments requiring a response will be referred to staff for a written reply. The Board/Committee may take action on any item of business appearing on the posted agenda.

3.4. Conduct a Public Hearing to Consider the Santa Clara Valley Water District's Capital Improvement Program Draft Fiscal Years 2027-31 Five-Year Plan and Adopt a Resolution Approving the Capital Improvement Program Final Fiscal Years 2027-2031 Five-Year Plan. (Continued from April 29, 2026) 25-0696

Recommendation:
A. Conduct the continued Public Hearing from April 29, 2026, to receive public comments and Board feedback regarding the Santa Clara Valley Water District's Capital Improvement Program (CIP) Draft Fiscal Years (FY) 2027-2031 Five-Year Plan;
B. Close the Public Hearing;
C. Direct staff to incorporate the identified changes to the CIP Draft FY 2027-2031 Five-Year Plan and finalize the FY 2027-2031 Five-Year Plan by June 30, 2025; and
D. Adopt the Resolution APPROVING THE CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2027-2031 FIVE-YEAR PLAN.

Manager: Luz Penilla, 408-630-2228

Attachments:
Attachment 1: Draft FY27-31 Five-Year Plan
Attachment 2: Agency Letters of Support
Attachment 3: Project Plan Updates
Attachment 4: Final CIP Financial Overview
Attachment 5: Market Study Report
Attachment 6: Resolution
Attachment 7: PowerPoint
Handout 3.4-A: City of Santa Clara Letter of Support

Est. Staff Time: 10 Minutes

3.5. Adopt Resolutions Setting Increased Groundwater Production, Raw Surface Water, Treated Water, and South County Recycled Water Charges for Fiscal Year 2026-2027. 26-0371

Recommendation:
A. Adopt the Resolution DETERMINING GROUNDWATER PRODUCTION CHARGES FOR FISCAL YEAR 2026-2027; and
B. Adopt the Resolution DETERMINING RAW SURFACE WATER, TREATED WATER, AND SOUTH COUNTY RECYCLED WATER CHARGES FOR FISCAL YEAR 2026-2027.

Manager: Aaron Baker, 408-630-2135

Attachments: Attachment 1: Resolution, Groundwater
Attachment 2: Resolution, Surface Water
Handout 3.5-A: Councilmember Candelas

Est. Staff Time: 5 Minutes

3.6. Accept the Fiscal Year 2026-27 Safe, Clean Water and Natural Flood Protection Special Tax Summary Report; and Adopt a Resolution Providing for Levy of the Special Tax Rates and Authorizing a Procedure for Correcting Special Tax Amounts for Fiscal Year 2026-2027. 25-0877

Recommendation: Enter Recommendation.

A. Accept the Fiscal Year 2026-27 Safe, Clean Water and Natural Flood Protection Special Tax Summary Report; and
B. Adopt the Resolution PROVIDING FOR LEVY OF THE SPECIAL TAX PURSUANT TO THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION MEASURE IN THE COMBINED FLOOD CONTROL ZONE OF THE SANTA CLARA VALLEY WATER DISTRICT AND AUTHORIZING A PROCEDURE FOR CORRECTING SPECIAL TAX AMOUNTS FOR FISCAL YEAR 2026-2027.

Manager: Christopher Hakes, 408-630-3796

Attachments: Attachment 1: Staff Report
Attachment 2: Resolution
Attachment 3: Summary of Key Performance Indicators

Est. Staff Time: 5 Minutes

3.7. Conduct a Public Hearing on the Annual Report Recommending Flood Control Benefit Assessments and Adopt a Resolution Setting Benefit Assessment Revenue for Fiscal Year 2026-2027. 25-0879

Recommendation:

A. Open and conduct the Public Hearing to consider any comments regarding the Flood Control Benefit Assessments for Fiscal Year 2026-2027 (FY 2026-27);
B. Close the Public Hearing; and
C. Adopt the Resolution ESTABLISHING LAND USE CATEGORIES, CONFIRMING A LEVY OF BENEFIT ASSESSMENTS TO MEET DULY AUTHORIZED DEBT OBLIGATIONS FOR FISCAL YEAR 2026-2027 IN FLOOD CONTROL ZONES OF SANTA CLARA VALLEY WATER DISTRICT, IN ACCORDANCE WITH RESOLUTION NOS. 86-54, 86-55, 86-56, 86-57, AND 90-7, AND AUTHORIZING A PROCEDURE FOR CORRECTING ASSESSMENTS.

Manager: Chris Hakes, 408-630-3796

Attachments: Attachment 1: Staff Report
Attachment 2: Resolution
Attachment 3: Benefit Assessment Report

Est. Staff Time: 10 Minutes

3.8. Adopt a Resolution Authorizing the Issuance of Water System Refunding Bonds, Revenue Bonds, Refunding Notes, and Revenue Notes in an Aggregate Not-to-Exceed Amount of $600 Million to Finance Certain Costs of the Water Utility Enterprise, and Approving the Execution and Delivery of Certain Documents and Certain Acts In Connection Therewith; Adopt Resolutions Authorizing the Execution and Delivery of Tax and Revenue Anticipation Notes to Support Short-Term Obligations; and Adopt Resolutions of Intention to Issue Tax-Exempt Obligations for the Water Utility Enterprise, Safe, Clean Water Program, and Watershed and Stream Stewardship Projects. 26-0246

Recommendation:

A. Adopt the Resolution authorizing the issuance of WATER SYSTEM Refunding Revenue Bonds, Revenue Bonds, REFUNDING NOTES, AND REVENUE NOTES, AND approving the execution and delivery of certain documents and certain acts in connection therewith;
B. Adopt the Resolution AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE AND A TAXABLE TAX AND REVENUE ANTICIPATION NOTE to support short-term obligations;
C. Adopt the Resolution AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE NO. 2 to support short-term obligations;
D. Adopt the Resolution INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WATER UTILITY ENTERPRISE;
E. Adopt the Resolution INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION AND WATERSHED AND STREAM STEWARDSHIP PROGRAMS;
F. Authorize the Chief Executive Officer, Chief Financial Officer, or their designees, to execute the Tax and Revenue Anticipation Notes and the Certificates as to uncollected taxes, income, revenue, cash receipts and other money;
G. Authorize the District Counsel, or their designee, to approve as to form the Tax and Revenue Anticipation Notes; and
H. Authorize and direct the Chief Executive Officer, Chief

Financial Officer, or their designees, and such other officers and staff of the Santa Clara Valley Water District, acting singly, to do any and all things to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the sale and delivery of the Refunding Revenue Bonds, Revenue Bonds, Refunding Notes, and Revenue Notes, and the ongoing administration thereof.

Manager: Darin Taylor, 408-630-3068

Attachments:
Attachment 1: Resolution, Water System
Attachment 2: Resolution, FY27 TRANs
Attachment 3: Resolution, FY26 TRAN No. 2
Attachment 4: Resolution, WU
Attachment 5: Resolution, SCW/WS
Attachment 6: Financing Documents, Series 2026AB
Attachment 7: Financing Documents, Series 2026C
Attachment 8: Financing Document, Notice of Sale
Attachment 9: Financing Document, Purified Water
Attachment 10: Debt Management Policy

Est. Staff Time: 15 Minutes

*3.9. Adopt a Resolution Approving and Adopting the Fiscal Year 2026-27 Operating and Capital Rolling Biennial Budget and Providing for Levy of Ad-Valorem Property Taxes; and Approve the Santa Clara Valley Water District Reserve Policy. 26-0479

Recommendation:
A. Adopt the Resolution APPROVING AND ADOPTING THE OPERATING AND CAPITAL ROLLING BIENNIAL BUDGET FOR FISCAL YEAR 2026-2027;
B. Adopt the Resolution PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES IN FISCAL YEAR 2026-27 TO MEET THE COST OF ITS WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA;
C. Approve the second fiscal year of the rolling biennial budget, referred to as the Fiscal Year 2027-28 Plan; and
D. Approve the Santa Clara Valley Water District Reserve Policy.

Manager: Darin Taylor, 408-630-3068

Attachments: *Original Board Agenda Memo
*Supplemental Board Agenda Memo
*Supplemental Attachment 1: Resolution, Budget
*Supplemental Attachment 2: Valley Water Reserve Policy
*Supplemental Attachment 3: Resolution, Ad Valorem Taxes
*Supplemental Attachment 4: Transmittal Letter
*Handout 3.9-A: Katja Irvin Comment

Est. Staff Time: 15 Minutes

REGULAR AGENDA:

4. CONSENT CALENDAR: (4.1 - *4.7) (Est. Time: 5 Minutes)

Notice to the public: There is no separate discussion of individual consent calendar items. Recommended actions are voted on in one motion. If an item is approved on the consent vote, the specific action recommended by staff is adopted. Items listed in this section of the agenda are considered to be routine by the Board, or delegated to the Board Appointed Officers (BAOs) yet required by law or contract to be Board approved (EL-7.10). Any item may be removed for separate consideration at the request of a Board member. Whenever a resolution is on the consent calendar, a roll call vote will be taken on the entire calendar. Members of the public wishing to address the Board on any consent items may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify themselves to speak.

4.1. Adopt a Resolution Delegating Authority to Deposit and Invest Funds to the Treasurer or Their Designees, Approve the Board Investment Policy, and Authorize the Negotiation and Execution of Agreements with Investment Management Service Providers. 25-1064

Recommendation:
A. Adopt the Resolution DELEGATING AUTHORITY TO DEPOSIT AND INVEST FUNDS TO THE TREASURER OR THEIR DESIGNEES;
B. Approve the Board Investment Policy; and
C. Authorize sole source procurement with SymPro and Bloomberg for investment-related services for five years in a combined amount not to exceed $100,000 annually.

Manager: Darin Taylor, 408-630-3068

Attachments: Attachment 1: Resolution
Attachment 2: FY 2026-27 Board Investment Policy

4.2. Adopt a Resolution Proclaiming May 17-23, 2026 as National Public Works Week. 26-0366

Recommendation: Adopt the Resolution PROCLAIMING MAY 17-23, 2026, AS NATIONAL PUBLIC WORKS WEEK.

Manager: Rita Chan, 408-630-2620

Attachments: Attachment 1: Resolution
Attachment 2: Poster

4.3. Adopt a Resolution Declaring May 16, 2026, as National River Cleanup Day in Santa Clara County. 26-0434

Recommendation: Adopt the Resolution DECLARING MAY 16, 2026, AS NATIONAL RIVER CLEANUP DAY IN SANTA CLARA COUNTY.

Manager: Rachael Gibson, (408) 630-2884

Attachments: Attachment 1: Resolution

4.4. Approve the Submission of Ballots Approving the Proposed Mosquito, Vector and Disease Control Assessment from the Santa Clara County Mosquito and Vector Control District. 26-0367

Recommendation: Approve a “Yes” vote for the proposed Mosquito, Vector and Disease Control assessment and direct staff to return the completed ballots before the voting period closes.

Manager: Joshua Golka, 408-630-4508

Attachments: Attachment 1: Example Ballot

4.5. Accept the Work as Complete and Direct the Clerk to File the Notice of Completion of Contract and Acceptance of Work for the Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4), Granite Construction Company, Contractor, Project No. 40174005, Contract No. C0666-1 (Milpitas, District 3). 26-0223

Recommendation:

A. Accept the work on the Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4), Project No. 40174005, Contract No. C0666-1 as complete; and
B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder.

Manager: Bhavani Yerrapotu, 408-630-2735

Attachments: Attachment 1: NOCAW
Attachment 2: Construction Contract Acceptance
Attachment 3: Project Completion Letter
Attachment 4: Construction Photos
Attachment 5: Project Delivery Process Chart

*4.6. Accept the CEO Bulletin for the Weeks of April 24 Through May 7, 2026. 26-0459

Recommendation: Accept the CEO Bulletin.

Manager: Melanie Richardson, 408-630-2017

Attachments: Attachment 1: 05/07/2026 CEO Bulletin

*4.7. Approval of Minutes from April 14, 17, and 22, 2026. 26-0090

Recommendation: Approve the minutes from April 14, 17, and 22, 2026.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: Attachment 1: 04/14/2026 Meeting Minutes
Attachment 2: 04/17/2026 Special Meeting Minutes
Attachment 3: 04/22/2026 Special Meeting Minutes

5. BOARD OF DIRECTORS:

*5.1. Board Committee Reports. 26-0457

Attachments: *Handout 5.1-A: 03/25/2026 RWC Summary
*Handout 5.1-B: 04/16/2026 JRWPAC Summary
*Handout 5.1-C: 04/21/2026 BPMC Summary
*Handout 5.1-D: 05/13/2026 SPOC Special Agenda

6. WATER UTILITY ENTERPRISE:

7. WATERSHEDS:

*7.1. Approve the Agreements with Five Consultant Firms to Provide On-Call Environmental Planning and Permitting Services: Dudek, Agreement No. A5710A; Environmental Science Associates, Agreement No. A5711A; GEI Consultants, Inc. Agreement No. A5712A; Panorama Environmental, Inc., Agreement No. A5713A; and Rincon Consultants, Inc., Agreement No. A5714A, PlanetBids File No.VW0594, for a Not-To-Exceed Fee of $3,000,000 for Each Agreement. 26-0258

Recommendation:

A. Approve Agreement No. A5710A, with Dudek, for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000;
B. Approve Agreement No. A5711A, with Environmental Science Associates for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000;
C. Approve Agreement No. A5712A, with GEI Consultants, Inc., for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000;
D. Approve Agreement No. A5713A, with Panorama Environmental, Inc., for On-Call Environmental Planning

and Permitting Services for a Total Not-to-Exceed fee of $3,000,000; and

E. Approve Agreement No. A5714A, with Rincon Consultants, Inc., for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000.

Manager: John Bourgeois, 408-630-2990

Attachments: Attachment A: Government Code §84308
*Attachment 1: Agreement, Dudek
*Attachment 2: Agreement, Environmental Science Associates
*Attachment 3: Agreement, GEI Consultants, Inc.
*Attachment 4: Agreement, Panorama Environmental, Inc.
*Attachment 5: Agreement, Rincon Consultants, Inc.

Est. Staff Time: 5 Minutes.

8. ASSISTANT CHIEF EXECUTIVE OFFICER:

9. EXTERNAL AFFAIRS:

10. CHIEF EXECUTIVE OFFICER:

10.1. Adopt a Resolution Approving the Updated Benefits for Unclassified Employees in the Executive Service. (Continued from April 28, 2026) 26-0461

Recommendation: Adopt the Resolution APPROVING BENEFITS FOR UNCLASSIFIED EMPLOYEES IN THE EXECUTIVE SERVICE (January 1, 2026, through December 31, 2029).

Manager: Patrice McElroy, 408-630-3159

Attachments: Attachment 1: Resolution

Est. Staff Time: 5 Minutes.

*10.2. CEO and Chiefs' Reports. 26-0476

Attachments: *Handout 10.2-A: OCE Monthly Update
*Handout 10.2-B: OGR April Summary

11. ADMINISTRATION:

12. DISTRICT COUNSEL:

13. BOARD POLICY PLANNING CALENDAR/PROPOSED FUTURE BOARD AGENDA ITEMS:

*13.1. Review the Fiscal Year 2026 Board Policy Planning Calendar. 26-0001

Recommendation: Review the Fiscal Year 2026 Board Policy Planning Calendar.

Manager: Candice Kwok-Smith, 408-630-3139

Attachments: Attachment 1: FY26 Board Calendar

14. BOARD MEMBER REPORTS/ANNOUNCEMENTS:

15. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

16. ADJOURN:

16.1 The Board will convene for the next Regular meeting at 1:00 p.m. on Tuesday, May 26, 2026, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

File No.: 25-0696

Agenda Date: 5/12/2026
Item No.: 3.4.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Conduct a Public Hearing to Consider the Santa Clara Valley Water District's Capital Improvement Program Draft Fiscal Years 2027-31 Five-Year Plan and Adopt a Resolution Approving the Capital Improvement Program Final Fiscal Years 2027-2031 Five-Year Plan. (Continued from April 29, 2026)

RECOMMENDATION:

A. Conduct the continued Public Hearing from April 29, 2026, to receive public comments and Board feedback regarding the Santa Clara Valley Water District's Capital Improvement Program (CIP) Draft Fiscal Years (FY) 2027-2031 Five-Year Plan;
B. Close the Public Hearing;
C. Direct staff to incorporate the identified changes to the CIP Draft FY 2027-2031 Five-Year Plan and finalize the FY 2027-2031 Five-Year Plan by June 30, 2025; and
D. Adopt the Resolution APPROVING THE CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2027-2031 FIVE-YEAR PLAN.

SUMMARY:
Each year, Santa Clara Valley Water District's (Valley Water) Capital Improvement Program (CIP) prepares a Five-Year Plan for Board consideration and approval. The CIP Five-Year Plan describes Valley Water's capital investment priorities. It provides information on the planned capital projects and Valley Water's intended source(s) of funding. Staff presents the CIP Five-Year Plan to the Board at the Preliminary and Draft stages for the Board to make decisions and provide direction. The CIP Final Five-Year Plan is approved with the annual budget, wherein funding is appropriated to the projects for the following fiscal year.

For our water supply projects, to ensure consistency with Valley Water's Water Supply Master Plan (WSMP) 2050, CIP staff continues coordinating with water supply planning staff. The WSMP 2050 assumes that capital projects included in the Five-Year Plan, which complete repair or replacement of existing infrastructure, are part of the baseline to meet future water supply needs.

Capital Investments Not Included in the CIP

Valley Water contributions to capital investments led by external agencies are not included in the CIP

Draft FY 2027-31 Five-Year Plan. While not included in the CIP, these investments are evaluated annually and budgeted and forecasted through operating projects. They are also included and reflected in the financial modeling that is analyzed during the development of the CIP Five-Year Plan.

These investments include:

1. Sisk Dam Raise Project
2. Delta Conveyance Project
3. Sites Reservoir Project

Additionally, to align with the approach taken for the water supply projects referenced above, this year staff recommended and the Board approved the transfer of the San Francisquito Creek Flood Protection Project (26284002) from the CIP Five-Year Plan into an operating project for budgeting and long-term forecasting. This action does not impact Valley Water's commitment to the voters under the Safe, Clean Water and Natural Flood Protection Program or the delivery of this project by the San Francisquito Creek Joint Powers Authority. While this capital project number is planned for closure, it will remain in the CIP FY 2027-31 Five-Year Plan to allow for close-out reporting of FY 2026 actuals. The project will be removed the following year from the CIP FY 2028-32 Five-Year Plan.

CIP Development Cycle for the FY 2027-31 Five-Year Plan

The Board reviewed the CIP Preliminary FY 2027-31 Five-Year Plan on January 13, 2026, in conjunction with the preliminary FY 2026-27 groundwater production charges. At that meeting, the Board received information and provided direction regarding key capital investments under the Watershed Stream Stewardship Fund (Fund 12), the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) Fund (Fund 26), and the Water Utility Enterprise Fund (Fund 61).

On March 10, 2026, the Board approved the CIP Draft FY 2027-31 Five-Year Plan (Attachment 1), which was prepared to align with the Board's direction for all funds. The CIP Draft FY 2027-31 Five-Year Plan was transmitted to all cities and land use authorities in Santa Clara County and the County of Santa Clara to solicit feedback and obtain confirmation that Valley Water's CIP Draft FY 2027-31 Five-Year Plan is consistent with their applicable General Plans. To date, Valley Water has received five letters of support, confirming alignment and consistency with their general plans (Attachment 2).

In response to the Board direction received on January 13, 2026, the CIP Draft FY 2027-31 Five-Year Plan included the following three newly validated capital projects:

1. Aquatic Resource Creation at Ford Road Percolation Pond; $6.4M (Fund 12)
2. Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR) Facility; $2.45B (Fund 61)
3. Santa Teresa Water Treatment Plant (STWTP) Rehabilitation; $242.7M (Fund 61)

Changes Identified for CIP Final FY 2027-31 Five-Year Plan

For purposes of annually updating the CIP Five-Year Plan, the baseline is the Board adopted CIP

Five-Year Plan from the prior fiscal year (FY 2026-30). Each year, staff identify any necessary changes to a project's scope, schedule, and cost through the project plan updating process. These project plan updates (Attachment 3) were reviewed by the CIP Committee and the Board and reflected in the CIP Draft FY 2027-31 Five-Year Plan.

Since the release of the CIP Draft FY 2027-31 Five-Year Plan, staff identified the following change:

1. Upper Llagas Creek Flood Protection Project (E6) (26174055)
   Upper Llagas Creek Flood Protection Project - Phase 2B began construction in fiscal year 2025 with a contract bid award of $129M, not including the 10% contingency. The construction expenditures were distributed throughout FY25-FY27 for the construction of the flood protection improvements and throughout FY28-FY30 for the 3-year mitigation vegetation establishment period. Currently, construction is ahead of schedule due to the mild 2026-2027 winter, which allowed the contractor to continue completing the contract work. The FY26 projected construction budget has been spent, and there is now a need to reallocate $15M from the FY27 projected construction budget to pay for construction tasks being completed sooner than anticipated. In addition, to pay updated projected FY28 labor costs for Regulatory Compliance, $688,000 will be re-allocated from FY27 to FY28. The Total Project Cost will remain unchanged since no new scope is being added.

While the change was not incorporated into the CIP Draft FY 2027-31 Five-Year Plan, it will be incorporated in the CIP Final FY 2027-31 Five-Year Plan, to reflect the Board approved budget adjustment. Attachment 3 provides detailed explanations of all changes from the Adopted CIP FY 2026-30 Five-Year Plan.

Administrative Project Plan Updates - Budget Reconciliation and Small Capital Projects Forecast Revisions

Each year between the presentation of the CIP Draft Five-Year Plan and the CIP Final Five-Year Plan, the CIP team conducts a budget reconciliation process and implements small capital forecast revisions.

Reviews are conducted after each pass of the Budget to ensure CIP project planned expenditures for the next two FYs are in alignment with the proposed annual budget. For the CIP Final FY 2027-31 Five-Year Plan, staff have reconciled the planned expenditures in the Five-Year Plan and confirmed that the Final Budget and CIP Final Five-Year Plan presented to the Board are in alignment.

For small capital projects, asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The change is not caused by a single asset rehabilitation project but by the cumulative total of multiple changes.

Updates to the following small capital improvement projects are included in the CIP Final FY 2027-31

Five-Year Plan:

1. 91214010s San Felipe (Reaches 1-3)
2. 92764009 Raw Water Transmission
3. 94764006 Treated Water Transmission
4. 93764004 Water Treatment
5. 60204016 Facility Management
6. 73274008 Software Upgrades & Enhancements
7. 95274003 Water Utility Network Modernization

CIP Final FY 2027-31 Five-Year Plan

As shown in the Final CIP Financial Overview (Attachment 4), the CIP Final FY 2027-31 Five-Year Plan includes 73 funded projects distributed among the following categories: 42 Water Supply, 13 Flood Protection, 12 Water Resources Stewardship, 3 Buildings and Grounds, and 3 Information Technology projects, for a total CIP value of $10.386B. This includes Valley Water's prior actuals and future year planned expenditures of $9.549B combined with received and planned outside funding of $837M, which includes grants from nonprofits, local public agencies, special districts, state and federal grants agencies, state subvention reimbursements and cost-share partnerships. Capital projects with excess funding will release excess funds to the respective operating and capital reserve fund upon completion and closeout of the project.

Key capital investments include Dam Seismic Retrofits, Pure Water Silicon Valley, Rinconada Water Treatment Plant Reliability Improvement, Coyote Creek Flood Protection, Upper Llagas Creek Flood Protection, and Ogier Ponds (creek/lake separation).

Expenditure Projections

Valley Water regularly updates operations and capital expenditures based on the best information available. Capital and operations expenditure projections are the foundation for the development of Valley Water’s budget.

Each capital project cost estimate includes the yearly expenditures through completion based on the project’s scope and schedule. The expenditures are monitored regularly and updated when necessary, for example, when a project’s scope, schedule, or cost changes. A management review process is enforced to ensure only justified expenditure changes are approved.

Construction Cost Escalation Factors

The construction priorities for Valley Water are both significant and complex in nature, and as such, have considerable capacity to be impacted by fluctuations in local market conditions. On an annual basis, Valley Water hires an independent cost estimator to produce a Market Study Report to review the Construction Cost Escalation Factors and Market Rate Factors and provide forecasted escalation rates to be utilized in the preparation of the CIP Five-Year Plan (Attachment 5). For the FY 2027-41 Market Study Report, Valley Water utilized O’Connor Construction Management, Inc. (OCMI), an on-

call independent cost estimator consultant. Included below is the Escalation Outlook table for FY 2027-41.

ESCALATION OUTLOOK						
Year	***FY27***	***FY28***	***FY29***	***FY30***	***FY31***	***FY32-41***
Construction Cost Escalation Rate	5.25%	5.55%	5.85%	6.25%	5.75%	5.15%

Operations and Maintenance Cost Forecast Revisions

New capital projects impact future operations and maintenance (O&M), which is included in the financial analysis. Throughout the various phases of a capital project, projections of this impact are regularly considered and updated as needed to reflect changes in project elements. This information is considered during long-term forecasting by the respective operating project managers. Appendix D of the CIP Draft FY 2027-31 Five-Year Plan (Attachment 1) provides operating cost impacts for each project within the CIP.

Projects Planned for Completion and/or Closure

Five (5) projects in the Board Adopted CIP FY 2027-31 Five-Year Plan are anticipated to be completed and/or closed out by June 30, 2026, as listed below:

1. Coyote Percolation Dam Replacement (91864009)
2. Pacheco Reservoir Expansion (91954002)
3. South County Recycled Water Pipeline, Short-term Phase 2 (91094010)
4. San Francisco Bay Shoreline, EIAs 1-4 (E7) (26444002)
5. Hale Creek Enhancement Pilot (D6) (26164001)
6. San Francisquito Creek Flood Protection (E5) (26284002)

The projects listed above are planned for closure but will remain in the CIP FY 2027-31 Five-Year Plan to allow for close-out reporting of FY 2026 actuals. The projects will be removed from the CIP FY 2028-32 Five-Year Plan unless a project plan update occurs, necessitating an extension of the schedule.

Communications and Community Outreach

Informing community members about the CIP efforts, process, and program details remains an integral part of Valley Water's communications and public engagement. Staff regularly invites community members to participate in the CIP public comment period, the CIP public hearings, and other milestone dates through frequent posts across all of our social media platforms. Staff promotes monthly CIP committee meetings on Nextdoor, Facebook, and X (formerly Twitter), and boosts them on Facebook once the meeting agenda is posted online, typically within the week leading up to those scheduled meetings.

In early December 2025, a detailed blog about the CIP Five-Year Plan and process was shared with the community, and a three-blog series to highlight projects within the CIP launched in January. These blogs were posted on valleywaternews.org and shared in Valley Water's newsletter, Facebook, and X. Staff also posts on the CIP webpage and project pages about how to submit public comments and other reminders about ways community members can participate in the CIP process.

Additionally, Valley Water's public events, including scheduled Speakers Bureau presentations, serve as venues for staff to remind community members about the CIP efforts and how they can participate in that process, and CIP projects are highlighted at community events where Valley Water hosts booths throughout the year. In short, staff supports all Board-approved CIP efforts with year-round community engagement. CIP project outreach includes distributing information through mailings, social media updates, email blasts, Nextdoor notifications, hosting public meetings, during community events, and updating project webpages with details about current project progress. On average, staff posts about CIP projects approximately five times per month across all our platforms.

Next Steps

Upon the Board's adoption of the resolution approving the CIP Final FY 2027-31 Five-Year Plan (Attachment 6), staff will prepare the Five-Year Plan document, which will be provided to the Board and made available to the public on Valley Water's website at <https://www.valleywater.org/how-we-operate/five-year-capital-improvement-program> by no later than June 30, 2026.

ENVIRONMENTAL JUSTICE IMPACT:
Individual capital projects may have environmental justice impacts. When this occurs, staff will conduct outreach to and engagement with impacted communities, which will be reported to the Board accordingly. Conducting a Public Hearing for the CIP Draft FY 2027-31 Five-Year Plan has no environmental justice impact.

The CIP Draft FY 2027-31 Five-Year Plan is a projection of Valley Water's capital funding for planned capital projects. Its purpose is to document planned capital projects to help integrate Valley Water work with the larger community by aligning Valley Water planning with other local agency planning efforts. The CIP Draft FY 2027-31 Five-Year Plan documents any changes to capital projects' planned funding and expenditures. It is updated and brought to the Board of Directors for approval each year in February.

Each February, upon the Board's direction, staff provides a copy of the CIP Draft Five-Year Plan to all cities and land use authorities in Santa Clara County and the County of Santa Clara to ensure meaningful engagement of all Santa Clara County communities in the decision-making process. It publishes a public notification for review before the Board of Directors adopts the Resolution to Adopt the CIP Five-Year Plan in May.

The CIP Five-Year Plan is thus produced each year in collaboration with government, academic, private, non-governmental, and non-profit organizations, as well as diverse and disadvantaged

communities, and as such, adheres to the Board's General Principles and Ends Policies, which are integral in ensuring that Valley Water meets its mission.

FINANCIAL IMPACT:
There is no financial impact associated with this item to conduct and close the Public Hearing on the CIP Draft FY 2027-31 Five-Year Plan and adopt a Board resolution to finalize and approve the CIP Final FY 2027-31 Five-Year Plan. The total value of the CIP Final FY 2027-31 Five-Year Plan is $10.386B, of which $837M may be funded by external sources through cost-share agreements, partnerships, and grants, resulting in a total CIP cost to Valley Water of $9.549B.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: Draft FY 2027-31 Five-Year Plan
Attachment 2: Agency Letters of Support
Attachment 3: Project Plan Updates
Attachment 4: Final CIP Financial Overview
Attachment 5: Market Study Report
Attachment 6: Resolution
Attachment 7: PowerPoint
Handout 3.4-A: City of Santa Clara Letter of Support

UNCLASSIFIED MANAGER:
Luz Penilla, 408-630-2228

DRAFT

https://online.flipbuilder.com/tkap/fpiv/

Valley Water

FY 2027-31

Capital Improvement Program Five-Year Plan

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CITY OF CAMPBELL
Community Development Department

via electronic mail

April 10, 2026

Melanie Richardson, Interim Chief Executive Officer
Valley Water
5750 Almaden Expressway
San Jose, CA 95118
mrichardson@valleywater.org

RE: Valley Water's Draft CIP for FY 2027-2031 – 2040 General Plan Consistency

Interim Chief Executive Officer Richardson:

Thank you for the opportunity to review and provide feedback on Valley Water's Draft Capital Improvement Program (CIP) for Fiscal Years (FY) 2026-30.

As requested, this letter serves to confirm that Valley Water's Draft Capital Improvement Program (CIP) for Fiscal Years (FY) 2027-2031 may be found consistent with the City of Campbell's 2040 General Plan.

This conclusion is based on an assessment of the projects outlined in the Draft CIP, compared to the relevant Policies and Actions in the **2040 General Plan** (enclosed). While many of the listed projects may benefit the City and align with the General Plan's goals and objectives, the following projects are particularly significant:

1. Vasona Pump Station Upgrade (Project No. 92264001)
2. Santa Clara and Campbell Distributary Inspection & Rehabilitation (Project No. 95084008)
3. 10-Year Pipeline Inspection & Rehabilitation (Project No.95084002)
4. Small Capital Improvements, Water Treatment (Project No. 93764004)

These projects are recognized for their potential to directly support the City's infrastructure needs and contribute to the successful implementation of the **2040 General Plan**.

Nonetheless, the City encourages Valley Water to consider the following actions to further enhance environmental sustainability, water management, and public access:

- Maintain native trees and plants and replace invasive, non-native species with native ones along creek corridors for projects included in the CIP (in furtherance of General Plan Action COS-7.a);

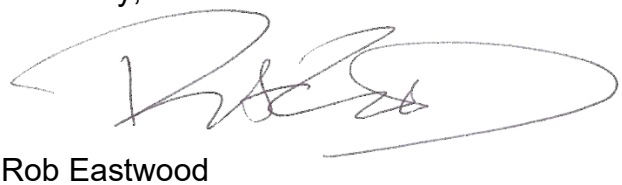
- Make use of water quality wetlands, bioretention, watershed-scale retrofits, where such measures are likely to be effective and technically and economically feasible for projects included in the CIP (in furtherance of General Plan Policy COS-7.5);

- Explore future opportunities to partner with the City to enhance public use of Valley Water owned lands and facilities and develop the San Tomas Aquino Creek Trail within the 2040 General Plan planning period (in furtherance of General Plan Policy COS-1.7, COS-1.a, and COS-1.h); and

- Coordinate with the City on projects affecting Campbell creek corridors and Campbell-area facilities to maximize feasible habitat, public access, and trail connectivity benefits, and to provide early coordination regarding design, construction phasing, traffic control, temporary access disruptions, and site restoration, where applicable.

Please do not hesitate to contact me with any questions at 408-866-2141 or by email at robe@campbellca.gov.

Sincerely,



Rob Eastwood
Community Development Director

encl: Exhibit A - 2040 General Plan (Envision Campbell) – Relevant Policies & Actions

cc: Brian Loventhal, City Manager
Amy Olay, Public Works Director

2040 General Plan (Envision Campbell) – Relevant Policies & Actions

Conservation and Open Space (COS)

Policy COS-1.7 Continue to work with regional agencies and neighboring jurisdictions to ensure that regional open space amenities located in Campbell—the Los Gatos Creek Trail, the Santa Clara County Parklands, Santa Clara Valley Water District groundwater recharge facilities, and lands owned by the Santa Clara County Open Space Authority—remain publicly-accessible, well-maintained, and utilized.

Action COS-1.a Prepare and adopt a Parks and Recreation Facilities Master Plan to evaluate and address the following:

- Conduct a needs assessment through community outreach;
- Routinely evaluate the benefit and use of existing facilities, amenities, and programs against other priorities;
- Identify potential sites for new parks, including pocket-parks, community gardens, neighborhood playgrounds, and other alternative opportunities;
- Assess demand for park land based on approved development and future land use patterns;
- Guide operations;
- Develop an implementation strategy for potential park site acquisitions, leases, other public access arrangements, expansions, improvements, and ongoing maintenance;
- Identify priority projects for use of existing and future Park Impact Fee funds;
- Identify opportunities to establish joint use agreements with other municipal agencies, including but not limited to, school districts, the County, neighboring cities, and the Santa Clara Valley Water District to expand Campbell residents' access to parks, open spaces, and other recreational facilities and amenities; and
- Establish a financial plan and funding sources.

Action COS-1.g Enter into facilities improvement, maintenance, and use agreements with the County of Santa Clara, the Santa Clara Valley Water District, local school districts, and neighboring cities to improve, maintain, and increase access to these open space, park lands, and facilities.

Action COS-1.h Work with Santa Clara Valley Water District to explore funding and coordination options to develop the San Tomas Aquino Creek Trail.

Policy COS-7.5 Work with Valley Water (Santa Clara Water Valley District) to preserve wetlands, riparian corridors, and buffer zones in Campbell by continuing to require that new development follow the "Guidelines and Standards for Land Use Near Streams" to protect streams and riparian habitats. Encourage the use of water quality wetlands, bioretention, watershed-scale retrofits, etc., where

such measures are likely to be effective and technically and economically feasible.

Action COS-7.a Cooperate with State, federal, and local agencies to ensure that development does not cause significant adverse impacts to existing riparian corridors; this includes continued compliance with the "Guidelines and Standards for Land Use Near Streams" from Valley Water (Santa Clara Valley Water District).

Action COS-7.d Work with Valley Water (Santa Clara Valley Water District) to restrict future fencing, piping, and channelization of creeks when flood control and public safety can be achieved through measures that preserve the natural environmental and habitat of riparian corridors; in addition, evaluate opportunities to revert some existing concrete-lined channels to more natural alternatives such as levees.

CITY OF CUPERTINO

PUBLIC WORKS DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3354 • FAX: (408) 777-3333
CUPERTINO.ORG

April 17, 2026

Luz Penilla
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118

Subject: Review of Santa Clara Valley Water District's Draft FY 2027-31 Capital Improvement Program

Dear Luz Penilla:

Thank you for the opportunity to review the Santa Clara Valley Water District draft 2027-2031 Capital Improvement Program. After reviewing the CIP, we have determined that the capital projects affecting Cupertino are consistent with the City of Cupertino's General Plan.

We have reviewed the document for all CIP projects, both within and outside of Cupertino's jurisdiction, that are expected to have significant effects to the City. The projects are:

1)	Dam Seismic Stability Evaluations	Page II-35
2)	10-Year Pipeline Inspection & Rehabilitation	Page II-41
3)	Distribution System Implementation Project	Page II-57
4)	FAHCE Implementation	Page II-59
5)	IRP2 Additional Line Valves	Page II-61
6)	SCADA Master Plan Implementation	Page II-65
7)	SMPIP Upgrades – Phase 1	Page II-67
8)	Small Capital Improvements, Treated Water Transmission	Page II-69
9)	Small Capital Improvements, Raw Water Transmission	Page II-71
10)	Treated Water Isolation Valves	Page II-73
11)	Vasona Pump Station Upgrade	Page II-75
12)	RWTP Reliability Improvement	Page II-79
13)	RWTP Ammonia Storage and Metering Facility Upgrade	Page II-81
14)	Small Capital Improvements, Water Treatment	Page II-83
15)	WTP Implementation Project	Page II-89

16) Sunnyvale East and West Channels	Page III-11
17) Watersheds Asset Rehabilitation Program	Page III-31
18) Stevens Creek Fish Passage Enhancements	Page IV-5
19) Regnart Creek Rehabilitation	Page IV-9

Listed projects 1 through 15 are focused on the maintenance, quality, and reliability of the water supply and transmission systems in the Cupertino area. Projects 16 and 17 listed above are described as flood protection and erosion and sedimentation repair projects. The City of Cupertino requests that it be notified of any modifications to plan or scope for these projects. Projects 18 and 19 listed above will work to enhance wildlife and natural habitat and reduce erosion along Stevens and Regnart Creeks. There do not appear to be any general plan inconsistencies with these projects.

The City has several storm drain outfalls that feed into District maintained creeks. All City outfalls were inspected in 2024 and their conditions have been documented. Some facilities require repair. We request that the District work with the City to find opportunities to efficiently address these repairs. These collaborative efforts could include the District performing the necessary repairs in areas where the District has planned construction activities and has obtained the necessary environmental permits to enable the work. The City will work with the District regarding appropriate payment for construction activities. Collaborating in this manner would cut down on redundant activities, ensure improvements are aligned with both the District's and the City's interests, and would result in good stewardship of taxpayer dollars. We look forward to working with the District on addressing this work.

Thank you for the opportunity to review the CIP and we look forward to reviewing the listed CIP projects during the design development process. Please feel free to contact me if you have questions or comments.

Sincerely,

Chad Mosley
Director of Public Works/City Engineer
City of Cupertino
(408) 777-3354
chadm@cupertino.gov

CC: Tina Kapoor, City Manager
Ben Fu, Director of Community Development

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City of Mountain View

PUBLIC WORKS DEPARTMENT
500 Castro Street, P.O. Box 7540
Mountain View, CA 94039-7540
650-903-6311 | MountainView.gov

April 16, 2026

Ms. Melanie Richardson
Interim Chief Executive Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686
Via email: MRichardson@valleywater.org; LPenilla@valleywater.org

VALLEY WATER—DRAFT FISCAL YEARS 2027-2031 CAPITAL IMPROVEMENT PROGRAM

Dear Ms. Richardson:

Thank you for the opportunity to review Valley Water's draft Fiscal Years 2027-31 Capital Improvement Program (CIP). The CIP generally aligns with the City of Mountain View (City or Mountain View)'s General Plan. We support the majority of the proposed capital expenditures in the CIP for infrastructure, security, reliability, and technology to ensure a safe and adequate water supply and flood protection for our City and neighboring agencies.

One project that we seek more background on is the Pure Water Silicon Valley Project. As an avid supporter of water reuse for nearly half a century, Mountain View has invested heavily in recycled water infrastructure and continues to convert non-potable users away from potable water sources. We have found this practice to be successful in bolstering local resilience to drought and other uncertainties. Given that the Pure Water Project is Valley Water's single largest CIP expenditure (over $2.5 billion), we are interested in understanding whether other reuse projects could achieve Valley Water's supply goals to help ensure water rates remain affordable for customers in the region.

We sincerely appreciate the opportunity to review the CIP. Please contact Lisa Au, Assistant Public Works Director, at 650-903-6140 with any questions regarding this letter.

Sincerely,

Signed by:
Jennifer Ng
6A8FCD47259B485...
Jennifer Ng
Public Works Director

Signed by:
B4F87E7060D64B7...
Christian Murdock
Community Development Director

cc: APWD—Au

April 16, 2026

Melanie Richardson, Interim CEO
Valley Water
5750 Almaden Expressway
San Jose, CA 95118
Via Email: mrichardson@valleywater.org

Re: Review of Santa Clara Valley Water District's Draft FY 2027-31 Capital Improvement Program

Dear Ms. Richardson:

Thank you for the opportunity to review the Santa Clara Valley Water District draft 2027-2031 Capital Improvement Program (CIP). Based upon the information presented by Valley Water staff to the City of Santa Clara on April 10, 2026 we believe the Valley Water CIP appropriately prioritizes and focuses resources to meet needs within our community consistent with the Santa Clara 2010-2035 General Plan. This conclusion is based on an assessment of the projects outlined in the Draft CIP, compared to the relevant Goals and Policies in the Santa Clara 2010-2035 General Plan.

We look forward to working with Valley Water on the implementation of the CIP. Please feel free to contact me if you have any questions or comments at (408) 615-5670 or AHamid@SantaClaraca.gov.

Sincerely,

Afshan Hamid
Community Development Director

cc: Craig Mobeck, Director of Public Works, City of Santa Clara
Lakshmi Rajagopalan, Assistant Director of Community Development
Mike Liw, Assistant Director of Public Works

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County of Santa Clara

Parks and Recreation Department

5965 Silver Creek Valley Road
San Jose, California 95138
(408) 355-2200 FAX (408) 355-2290
Reservations (408) 355-2201
www.parkhere.org

April 14, 2026 [**via electronic mail**]

Melanie Richardson, P.E.
Interim Chief Executive Officer
Valley Water
5750 Almaden Expressway
San Jose, CA 95118-3686

Dear Ms. Richardson,

This letter is to affirm County Parks support of Valley Water's proposed five-year Capital Improvement Program FY 2027-31. County Parks recognizes that the Capital Improvement Program proposed by Valley Water aims to address critical infrastructure needs. By working together, we can maximize our efforts and make greater strides toward achieving our common objectives. County Parks requests additional language be included to demonstrate to the public that the mutual commitments from the District Board of Directors and the County Board of Supervisors within the 2018 partnership agreements are being executed in project planning and implementation.

The proposed improvements outlined in the Valley Water five-year CIP have the potential to enhance the safety, efficiency, and sustainability of infrastructure and in some cases, can be designed and constructed to integrate multiple benefits supported by both of our sister agencies.

Valley Water has asked for a determination of General Plan alignment with these proposed projects. That request should be coordinated with County Planning. Early coordination and engagment is requested with all projects to ensure adequate review time and collaboration between both agencies. As outlined in the Joint Resolution executed between Valley Water and County Parks; both agencies would expand the scope of cooperation to areas of mutual interest including trails development, natural resource management and public recreation.

We appreciate the opportunity to review Valley Water's Capital Improvement Program and we look forward to our ongoing collaboration.

Respectfully,

Signed by:
Todd Lofgren
D23B480C062B4C3...

Todd Lofgren, Director

Board of Supervisors: Sylvia Arenas, Betty Duong, Otto Lee, Susan Ellenberg, Margaret Abe-Koga
County Executive: James R. Williams

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Summary of Capital Project Plan Updates from CIP Adopted Fiscal Year 2026-30 Five-Year Plan

Below is a detailed summary of all processed project plan updates with revised total Project cost (TPC) from the CIP Adopted Fiscal Year (FY) 2026-30 Five-Year Plan by type of improvement.

WATER SUPPLY – STORAGE

01. 91854001 Almaden Dam Improvements

COST ONLY – Inflated TPC increased by $3.03M

The uninflated project plan has increased by $4.171 million due to a transfer of prior-year encumbered funds, for agreement A3639A with URS Corporation (Consultant), from the Almaden-Calero Canal Rehabilitation Project (AC Canal Project, Project No. 91854003) to the Almaden Dam Improvement Project (ADIP, Project No. 91854001). In October of 2024, Valley Water provided guidance to the Consultant to transition completed work on the AC Canal to Valley Water. The Consultant submitted a 30% Design Transition Memo, and their final invoice for AC Canal work was processed and paid. In addition, calendar year-end 2025 is listed as the deadline for AC Canal tasks in Amendment No. 5. In accordance with the agreement (Revised Appendix Two, Fees and Payments, IV. Terms and Conditions, paragraphs B and C), remaining funds from a completed, reduced or deleted task can be reallocated to an active task, provided the total agreement amount is not exceeded. As the Consultant is no longer providing services for the AC Canal Project, unspent agreement funds associated to the AC Canal Project were administratively reallocated within the agreement for ADIP use, and the URS encumbrance balance of $4.171 million in Project 91854003 (AC Canal Project), was moved to Project 91854001 (ADIP). The revised inflated TPC is $41.53 million.

02. 91854003 Almaden Calero Canal Rehabilitation

SCHEDULE AND COST – Overall schedule increased by 6 months/Inflated TPC decreased by $1.39M

The project schedule has been updated to ensure consistency with the approved Design Phase Work Plan and revised timeline. The uninflated Total Project Cost (TPC) for the Almaden-Calero Canal Rehabilitation Project has increased to reflect updated preliminary design estimates that account for higher construction costs, required environmental mitigation fees, and additional engineering services during construction.

Encumbered agreement A3639A with URS Corporation (Consultant) funds of $4,171,000 will be transferred back to the Almaden Dam Improvement Project Number

(91854001). The uninflated Total Project Cost (TPC) for the Almaden-Calero Rehabilitation Project will be decreased by $4,171,000. The revised inflated TPC is $22.91 million.

03. 91084019 Dam Seismic Stability Evaluation

COST ONLY – Inflated TPC decreased by $204K

The uninflated Project cost has increased due to the addition of Valley Water labor resources allocated for planning in FY27 and FY28 to support continued evaluations of Chesbro Dam. However, the overall inflated Project cost decreased following the application of updated inflation factors. The revised inflated TPC is $29.76 million.

04. 91084020 Calero and Guadalupe Dams Seismic Retrofits – Planning

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by $4.62M

Due to significant project and design changes, Agreement No. A3675A with GEI Consultants, Inc. required additional scope to complete an Environmental Impact Report (EIR) and updated technical studies for the Calero Dam Seismic Retrofit Project and Guadalupe Seismic Retrofit Project, in compliance with the California Environmental Quality Act (CEQA). In addition, the original agreement did not include scope for the National Environmental Policy Act (NEPA) documentation preparation and compliance, which is necessary to complete for each project prior to construction. The overall Project schedule remains the same, but the end date for the planning phase has been updated to the end of FY16. This change is to reflect the fiscal year in which the planning-to-design transition reports were completed - the Calero Guadalupe Dam Seismic Retrofit Project (November 2015) and the Guadalupe Dam Seismic Retrofit Project (March 2016). The uninflated Project cost has increased as a result of Amendment No. 6 to Agreement No. A3675A with GEI Consultants, Inc., to continue providing support for environmental planning and regulatory permitting and compliance for both the Calero Dam Seismic Retrofit Project and Guadalupe Dam Seismic Retrofit Project through June 30, 2028. The revised inflated TPC is $18.38 million.

05. 91864005 Anderson Dam Seismic Retrofit (C1)

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by $56.45M

The overall Project schedule remains the same, but the proposed end date for design has been extended to account for the final application fee payment to the California Department of Water Resources, Division of Safety of Dams (DSOD), for the repair of Anderson Dam. The end date for the right-of-way phase has also been extended to the

end of FY28 and reflects acquisitions (easements and fee title) that are needed by year two of construction. The uninflated Project cost has increased by $113.90 million, driven by a $115.68 million rise in the construction phase, partially offset by a $1.78 million reduction in the pre-construction phases. The expenditure changes reflect the total not-to-exceed amount ($180 million) for the construction management services agreement approved by the Valley Water Board of Directors in August 2025, which increased the plan by $88 million. This increase was a result of extensive discussions and negotiations on the construction management scope of services and associated costs. Other estimated cost changes include a $23 million increase in the anticipated consultant services agreement for engineering support during construction; the addition of nearly $9.5 million for Valley Water labor resources needed to support the Project through construction completion; an increase of $1.95 million for a new consultant services agreement for an owner-controlled insurance program; an increase of $400 thousand in utility-related costs; and a reallocation of approximately $7.3 million among construction phase tasks. The revised inflated TPC is $2.03 billion.

06. 91864006 Anderson Dam Tunnel Project

SCHEDULE AND COST – Overall schedule reduced by 8 months/Inflated TPC increased by $12.26M

The overall Project schedule is reduced by 9 months. Valley Water issued Contract Document Clarifications (CDC) 048.1, 050, 057, and 061 to address design changes in the concrete final tunnel lining design, which encompasses procurement and installation of rebar for the articulated joints and continuous lining, fabrication and installation of all required formwork, concrete work for encasement of the articulated joints and continuous lining, curing and removal of formwork, and finishing the concrete surface. The uninflated Project cost and Expenditure Plan have been revised to incorporate schedule adjustments, updated Valley Water labor estimates necessary to support construction completion and Project close-out, and an amendment to the consultant agreement for construction management services approved by the Valley Water Board of Directors on June 25, 2025. The revised inflated TPC is $307.51 million.

07. 91864007 Coyote Creek Flood Management Measure

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC decreased by $6.08M

The overall Project schedule remains unchanged; however, the Right-of-Way phase has been extended, with an anticipated completion date of June 2025. Final settlement amounts on a few remaining easements are currently being negotiated as part of eminent domain actions, and additional real estate expenses have been included in FY25 to account for the anticipated settlements. The actual settlement values for these

easements are not yet known, as discussions among external counsel, real estate appraisers, and attorneys/courts are ongoing, but a conservative estimate has been incorporated into the current budget request. Construction expenditures for FY25 have been reduced because the contractor's bid came in lower than anticipated, and construction is now substantially complete, allowing Valley Water to reduce these expenses for the Project. The revised inflated TPC is $95.36 million.

08. 91864008 Coyote Creek Chillers

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $3.96M

The overall Project schedule has been extended to March 2026 due to cumulative delays from extended design coordination, RFI resolution, procurement lead times for critical equipment, field rework required to address unforeseen site conditions, restricted work windows caused by plant operations, and construction delays. These factors impacted and shifted the critical path and required additional time to complete construction, testing, and commissioning. Project closeout will follow construction completion. Project expenditures have been updated to reflect the extended construction duration and updated TIA #2, pending Board approval. The primary contributors are additional labor and equipment expenses, prolonged construction management support, and higher material prices resulting from delayed procurement and schedule setbacks. The revised inflated TPC is $32.77 million.

09. 91864009 Coyote Percolation Dam Replacement

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC remains the same

The overall Project schedule has been extended by one year due to delays in PG&E's installation of power improvements, which are now scheduled for September–October 2025. There is no change to the uninflated Project cost, only reallocation of expenditures to match the schedule. The revised inflated TPC remains at $17.74 million.

10. 91874004 Calero Dam Seismic Retrofit - Design & Construction

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC decreased by $4.05M

The overall Project schedule remains unchanged; however, the Right-of-Way (ROW) completion date has been extended to June 2032 to align with the updated design phase timeline. Procurement for Construction Package B will begin in FY32 and will be integrated into ongoing design phase activities. The most significant increases in Project costs result from a reassessment of environmental labor expenses, using data from comparable projects to refine cost estimates. In addition, costs associated with

environmental engagement and monitoring during the construction phase of Package A have now been incorporated. Updated estimates have also led to adjustments in construction supervision and Computer-Aided Design and Drafting (CADD) Unit costs to ensure the budget accurately reflects current market conditions and project requirements. Projected ROW phase costs may increase further as negotiations and cost discussions with affected entities are finalized. The revised inflated TPC is $158.38 million.

11. 91884003 Coyote Dam Seismic Stability

COST ONLY – Inflated TPC decreased by $6.34M

The expenditures have been updated to reflect adjustments in Valley Water labor resources for FY26 through FY28, as well as a revised timeline for Board approval of the planning consultant agreement, which has shifted from late FY26 to early FY27. The revised inflated TPC is $400.14 million.

12. 91894002 Guadalupe Dam Seismic Retrofit - Design & Construct

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by $5.36M

The overall Project schedule remains unchanged; however, the completion date for Right-of-Way (ROW) acquisition has been extended to June 2032 to align with the projected completion of the design phase. The start of construction has been rescheduled to April 1, 2029, reflecting the updated project timeline. Approximately $3.9 million in cost increases have resulted from a reassessment of environmental labor costs, informed by data from comparable projects, and additional costs for environmental engagement and monitoring have been incorporated for Construction Package A. Another $4.8 million in cost increases is attributed to changes in the project delivery strategy, specifically related to alternatives analysis for maintaining downstream creek flows during construction. The Guadalupe Dam retrofit will now proceed through two separate construction packages: Package A, which includes the embankment, spillway, and rehabilitation of the existing outlet pipe riser; and Package B, which covers construction of the new outlet works. This revised strategy has resulted in higher design costs. An additional cost increase of approximately $1.3 million is due to reassessed Valley Water supervision requirements for the construction contract, ensuring appropriate oversight and management throughout project execution. Projected costs for the ROW phase may increase further as negotiations and discussions with affected entities are finalized. The revised inflated TPC is $146.07 million.

13. 91954002 Pacheco Reservoir Expansion Project

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 10 years and 6 months/Inflated TPC decreased by $2.59B

On August 26, 2025, Valley Water's Board of Directors voted to suspend development of the Pacheco Reservoir Expansion Project. Consequently, design work has been halted, and Valley Water staff and consultants are proceeding with project closeout. As a result, the expenditure plan has been updated to remove dollars in FY27 through FY37. A reduction to FY26 expenditure is anticipated and will be reflected in a forthcoming Change Management Memo following FY26 year-end close. The revised inflated TPC is $146.04 million.

WATER SUPPLY – TRANSMISSION FACILITIES:

14. 95084005 Penitencia Delivery Main and Force Main Inspection & Rehabilitation

SCOPE AND COST – Inflated TPC increased by $1.74M

During the Project's condition assessment with Operations and Maintenance between preliminary and 60% design, additional scope was identified and added to the Project to replace equipment at the end of useful life. The additional scope identified includes: 1) Replacement of a 48-inch Penitencia Force Main (PFM) Line Valve at Piedmont Valve Yard (PVY). This is an essential boundary valve between the PFM and Department of Water Resources' (DWR) South Bay Aqueduct (SBA). Because SBA via the PVY will be our only source of raw water during the upcoming planned back-to-back 6-months shutdown of the San Luis system for the AVP Replacement Project, maintenance and replacement of the proposed valve and appurtenances at the PVY and PFM in advance is essential. 2) Replacement of a 42-inch Penitencia Delivery Main (PDM) Line Valve at the PVY. This is an essential boundary valve between PDM and the Milpitas Pipeline. Replacement of the proposed valve will allow Milpitas Pipeline I&R Project to do planned future rehabilitation work without having to shut down Penitencia Water Treatment Plant and eliminate impacts to water retailers upstream. The overall uninflated Project cost is being increased by $1.8 million to account for an updated engineer's estimate, which includes the additional scope identified during the Design phase and anticipated higher contractor overhead costs associated with the Project's procurement strategy. The Project's material procurement strategy involves awarding the project earlier to provide time for the contractor to obtain construction materials. This procurement strategy extends the construction duration, requiring additional contractor time to support the construction contract. The revised inflated TPC is $6.99 million.

15. 95084006 Santa Teresa Force Main Inspection & Rehabilitation

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by $6.98M

During the Project's condition assessment with Operations and Maintenance, between the preliminary and 60% design phases, additional scope was identified and incorporated to replace equipment nearing the end of its useful life. This added scope includes developing and implementing a fire protection plan during the plant shutdown, installing cathodic protection, replacing the 72-inch Santa Teresa Force Main Line Valve and associated appurtenances, completing appurtenance work at the Santa Teresa Water Treatment Plant (STWTP) Inlet and Pressure Reducing Vault, installing a new 24-inch static mixer at the Thompson Creek Line Valve to support pipeline disinfection, providing equipment for periodic disinfection and flushing of the Snell Pipeline and STWTP during the shutdown, and performing pipeline inspection, rescue crew, and supplemental repair services. The overall Project schedule remains unchanged; however, the design phase has been extended to accommodate the added scope, while the construction contract duration has been reduced to address staff resource constraints and updated material lead times. The uninflated Project cost increased by $6.70 million, reflecting a $151,000 increase in design costs for the additional scope identified during the condition assessments and a $6.54 million increase in construction costs based on the updated engineer's estimate, which accounts for the expanded scope and higher contractor overhead costs anticipated under the project's material procurement strategy. Awarding the contract earlier will allow sufficient time for material procurement, though this approach extends the overall construction duration and requires additional contractor support. The revised inflated TPC is $10.40 million.

16. 95084004 East Pipeline Inspection & Rehabilitation

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 1 year and 10 months/Inflated TPC decreased by $1.94M (inflation only)

The Project scope is being consolidated into a single construction contract scheduled for FY26 and FY27, and the Project schedule has been revised accordingly to reflect this updated scope of work. While planned expenditures have been adjusted to align with the revised scope and schedule, there is no change to the uninflated Project cost. The revised inflated TPC remains at $14.45 million.

17. 92264001 Vasona Pump Station Upgrade

SCHEDULE AND COST – Overall schedule extended by 4 years and 11 months/Inflated TPC increased by $3.39M (inflation only)

Project schedule adjustments are being implemented to address staff resource constraints and the reassignment of the project from Unit 376 to Unit 385. In addition, outages for the Almaden Valley Pipeline and Central Pipeline are required to complete

valve replacements that will enable downstream pump station upgrades. As such, the Project schedule is being aligned with the Pipeline Maintenance Program's long-term planned shutdowns for the Almaden Valley and Central Pipelines, which are tentatively scheduled for FY32 and FY33, respectively. There are no changes to the uninflated Project cost; however, planned expenditures have been adjusted to reflect the revised schedule. The revised inflated TPC is $38.59 million.

18. 92304001 Almaden Valley Pipeline Replacement Project

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $69.83M

This 21-year project plan was initiated in FY20 and extends to FY41, which goes beyond the 15-year Capital Improvement Program (CIP) window. With each rollover period, the CIP incorporates the upcoming fiscal year and associated planned expenditures from the original Project plan. This update adds FY41 into the 15-year projection window, resulting in an additional $1.98 million to the Project cost. Additionally, the uninflated Total Project Cost (TPC) has increased due to construction expenditures for both Phase 1 and Phase 2, based on updated engineer's estimates developed during the final design of Phase 1. These revisions reflect changes to the tasks required to meet Project objectives, as well as new information identified during design related to quality control requirements, specialized construction methods, and scheduling constraints, all of which contributed to the increase. Phase 1 (Project) has also increased due to the bid results for the Project. The low bid of $77,875,209 is approximately 30% above the Engineer's Estimate of $60,000,000. The revised inflated TPC is $173.39 million.

19. 95044001 Distribution Systems Master Plan Implementation Project

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by $10K (inflation only)

The overall Project schedule remains the same, but the Planning Phase is extended to include project management tasks and aligns the Planning Phase to the Environmental Phase. There is no change to the uninflated Project cost. The FY26 expenditures were slightly reduced to better reflect historic burn rates. Some expenditures were also moved from Environmental to Planning to accurately capture project management tasks. The revised inflated TPC is $9.31 million.

20. 95044002 SCADA Master Plan Implementation Project

COST ONLY – Inflated TPC increased by $21K (inflation only)

Project expenditures were adjusted to accommodate a lengthier-than-planned platform selection process and its impact on subsequent tasks. Environmental planning efforts

were also reduced, as recommended by Valley Water's Environmental Planning Support team. The revised inflated TPC is $6.50 million.

21. 95044004 SMPIP Upgrades - Phase 1

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 1 year/Inflated TPC decreased by $998K (inflation only)

This Project was established to provide the resources needed to perform the SCADA communications and control center improvements recommended in the SCADA Master Plan Implementation Project's (95044002) early implementation project planning work. Through that planning work, additional priority SCADA control system improvements have been identified and are being further developed for transition into design and construction as part of this project. The overall Project schedule has been extended by 1 year, in order to align with the progress of the SCADA Master Plan Implementation Project (95044002). The uninflated Project cost remains the same, but expenditures have been adjusted to match the Project schedule. The revised inflated TPC is $9.42 million.

WATER SUPPLY – TREATMENT FACILITIES

22. 93234044 PWTP Residuals Management

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by $36.27M

The change to project scope includes adding measures to integrate this project with the on-site solar field. The change to the project schedule is to correct the environmental phase end date to align with the completion of the CEQA document. Additionally, the Design phase has been extended to account for the additional time needed to finalize our letter of agreement with GL Renewables LLC, Valley Water's solar energy vendor. Lastly, the construction phase was reduced by 1 year, from 5 years to 4 years. The overall Project Schedule remains the same ending May 31, 2030. The uninflated Total Project Cost has increased by $40.1 million from $90 million to $130.1 million. This includes a $39 million increase to construction phase costs and a $1 million increase to design phase costs. The primary drivers of the cost increase are; a revised engineer's estimate for 100% Design and actual cost of Contractor's Bid for construction, a 15% construction contingency ($13.6M), additional engineering services needed to support the integration of this project with the on-site solar field and Letter of Agreement with GL Renewables, LLC, rising costs for raw materials (plastics, metals) and construction labor due to market conditions, supply chain issues, and tariffs. The revised inflated TPC is $131.63 million.

23. 93044001 WTP Master Plan Implementation Project

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 5 years and 5 months/Inflated TPC increased by $7.80M

The Project scope originally focused on the development of the Water Treatment Plant Master Plan and Implementation Plan, but also included optional provisions to extend the selected consultant for program management services to support the transition from the planning phase to implementation of the master plan's recommended capital projects. This change in scope is the result of the positive election of optional program management services. The expected completion date for the Water Treatment Plant Master Plan and Implementation Plan has been extended to December 2026. The project team is working with the consultant to amend the agreement to include program management services for a period of 5 years, extending to the end of FY31. These services are necessary to ensure a smooth transition from planning into the Capital Improvement Program for the delivery of capital projects identified in the first ten-year window of the Implementation Plan. Due to the extension of the overall Project schedule by five years and five months to FY31 and the positive election of program management services from the consultant to support the Water Treatment Plant Maintenance Program, the project will require additional funds to support Valley Water labor and consultant costs. Estimated costs per fiscal year are $1.4 million (Valley Water labor - $400 thousand plus consultant fees - $1 million). The revised inflated TPC is $17.05 million.

24. 93084004 Water Treatment Plant Electrical Improvement

SCHEDULE AND COST – Overall schedule extended by 1 year and 1 month/Inflated TPC increased by $140K (inflation only)

The overall Project schedule is extended by 1 year and 1 month due to the Project being put on hold at the end of March 2024 because of unanticipated reduced staffing resources, resulting in delays in design, construction, and close-out. There is no change in the uninflated Project cost, only the reallocation of expenditures to align with the updated schedule. The revised inflated TPC is $19.52 million.

25. 93295057 RWTP Reliability Improvement

COST ONLY – Inflated TPC decreased by $1.89M (inflation only)

The adjustment in annual spending allocations across fiscal years is to revert to the previously approved planned expenditures, as a recent forecast determined that no additional funds are needed for FY26. The revised inflated TPC is $718.80 million.

26. 93294059 RWTP Liquid Ammonium Sulfate Facility

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $55K (Inflation only)

The overall Project schedule is extended by 1 year due to the request from Operations to switch chemical type from Aqua Ammonia to Liquid Ammonia Sulfate (LAS). Additionally, the construction start date needs to align with the scheduled completion of RWTP Reliability Improvement Project. The uninflated Project cost remains the same, but expenditures have been reallocated to match the schedule. The revised inflated TPC is $6.83 million.

WATER SUPPLY – RECYCLED WATER FACILITIES:

27. 91094001 Land Rights-South County Recycled Water Pipeline

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $147K (Inflation only)

Design, Right of Way, and Project Close-out to be extended to June 2027 due to additional time needed to complete land acquisitions. There is no change to the total project cost, only a reallocation of expenditures to match the schedule. The reallocation of $3.20 million from FY26 to FY27, consists of $114 thousand for Design Project Management, $3.06 million for Right-of-Way, and $28 thousand for close-out. The revised inflated TPC is $7.12 million.

28. 91094009 South County Recycled Water Pipeline - Short-Term Implementation Phase 1B

SCOPE, SCHEDULE, AND COST – Overall schedule remains the same/Inflated TPC increased by $2.96M

In 2021, Project's Phases 1B/2A/1C/2B were bid and awarded under the South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B Project (Contract No. C0668). Phase 1C was unable to proceed under Contract No. C0668 because easements were not secured in sufficient time. During FY26, there were design efforts to repackage, bid and award the Phase 1C scope of work under the South County Recycled Water Pipeline Phase 1C Project (Contract No. C0723). On September 23, 2025, Valley Water's Board awarded Contract No. C0723 for construction, with construction activities expected to occur through May 2026. As this is a separate contract, there will be additional efforts to close-out the project. The Design phase has been extended to align with the expanded scope of work, but the overall Project schedule remains the same. The uninflated Total Project Cost is being increased by $2.96 million to account for the following. 1. Design costs are being increased by $150 thousand to account for staff

time to repackage, bid and award the Phase 1C scope of work under Construction Contract C0723. 2. Construction costs are being increased by $2.68 million to reflect construction bids received for construction contract C0723 – South County Recycled Water Pipeline Phase 1C and staff time to support the construction contract 3. Close-out costs are being increased by $129 thousand to reflect that there will be close-out activities for both Contract C0668 – South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B and C0723 – South County Recycled Water Pipeline Phase 1C. The revised inflated TPC is $45.81 million.

29. 91094010 South County Recycled Water Pipeline - Short-Term Implementation Phase 2

COST ONLY – Inflated TPC increased by $392K

Project expenditures increased due to higher construction material costs. The Project operates under a cost-share agreement with the City of Gilroy and is dependent on their timeline for completion. The revised inflated TPC is $9.01 million.

FLOOD PROTECTION – LOWER PENINSULA WATERSHED:

30. 10394001 Palo Alto Flood Basin Tide Gate Structure Replacement

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 2 years and 9 months/Inflated TPC increased by $2.55M

At the request of Watersheds O&M staff, the Project scope has been revised to include the removal and replacement of six flap gates. The change in scope extends the construction completion, which will include a monitoring period, resulting in an extension of the overall Project schedule by two years and nine months. The increase in Project expenditures are due to the change in scope, resulting in additional labor costs, required consultant services and a monitoring period. As a result, labor costs associated with design increased to evaluate and integrate design modifications and labor costs associated with construction increased to manage the construction work to remove and replace the six flap gates, as well as a monitoring period. Additionally, funds are also needed to retain a structural consultant, geotechnical consultant and biological consultant, as well as Valley Water staff, in order to complete construction. The contractor also identified additional areas on the tide gate wing walls, deck and columns with concrete failure that needed to be repaired. To cover the cost impacts of the scope change for FY25 and FY26, budget adjustments were approved by the Board in August 2025 (Item# 25-0568). The revised inflated TPC is $13.83 million.

31. 26284002 San Francisquito Creek - SF Bay to Searsville Dam (E5)

SCOPE, SCHEDULE AND COST – Overall schedule reduced by 3 years/Inflated TPC decreased by $54.16M

Per the January 13, 2026 Board Work Study Session on the CIP preliminary FY27-31 Five-Year Plan, the San Francisquito Creek Flood Protection Project will transition from the CIP Five-Year Plan to an Operating Project within the Safe, Clean Water Program for budgeting and long-term forecasting. The revised inflated TPC is $55.39 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – WEST VALLEY WATERSHED:

32. 26074002 Sunnyvale East and West Channels

SCHEDULE AND COST – Overall schedule extended by 3 years/Inflated TPC increased by $70.49M

The design and environmental schedule have been extended to support regulatory permit applications and negotiations and the Right-of-Way schedule has been extended to support temporary construction access. Consequently, the construction schedule has been delayed. The overall Project schedule is being updated to reflect the three-year native vegetation establishment period (FY30-FY32), that occurs after construction of the flood protection improvements, extending the overall Project schedule by 3 years. An updated cost estimate was developed, resulting in an increase to the uninflated Project cost. The previous construction estimate was performed in 2018 and did not account for the significant cost escalation experienced in public works projects since that time. The updated estimate includes additional design costs necessary to finalize the Project design and additional Construction Management services required to manage the Project. The revised inflated TPC is $160.93 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – GUADALUPE WATERSHED:

33. 30154019 Lower Guadalupe River Capacity Restoration Project

SCOPE, SCHEDULE AND COST – Overall schedule reduced by 3 years and 6 months/Inflated TPC decreased by $76.11M

The Project scope has been significantly reduced to address organizational funding constraints. Instead of the previously planned structural improvements to restore 100-year channel capacity, the Project will now focus on a two-phased vegetation removal effort to address capacity deficiencies. The Project schedule has been updated accordingly to align with this revised approach. Phase 1 design, environmental review, and construction are scheduled for completion by December 2027, while Phase 2 design and environmental work are planned for completion by June 2028, with Phase 2 construction to be completed by December 2029. Overall, the Project schedule has been shortened by 3.5 years. To align with the reduced scope, the uninflated Project cost has been adjusted to reflect the updated plan. The revised inflated TPC is $34.29 million.

34. 26154003 Guadalupe Rv–Upper, SPRR-Blossom Hill (R7-12)

SCHEDULE AND COST – Overall schedule extended by 5 years and 9 months/Inflated TPC increased by $4.32M (inflation only)

The Project schedule has been updated to match the schedule provided by U.S. Army Corps of Engineers (USACE). The USACE has requested an extension to complete their general reevaluation report (GRR). The GRR is expected to be completed in September 2032. Design, Right-Of-Way, Environmental, Construction, and Close-out phases have also been pushed out accordingly. The overall total Project cost remains the same, but expenditures have been reallocated to align with the U.S. Army Corps of Engineers (USACE) schedule and work to be completed. The Planning phase includes expenditures to complete the general reevaluation report (GRR) and an allocated amount of $3.59 million in non-federal funds, which is required by USACE and has been distributed from FY26 to FY31. Design and Right-Of-Way expenditures have been reallocated to better align with the tasks necessary to complete the Planning, Environmental, and Construction phases. Environmental work, which was previously being completed by a consultant, is now being completed by internal staff. Additionally, expenditures have been included for completion of house demolitions which were necessary to the Project and expenditures for Valley Water internal labor have been updated based on current estimates by the project team. The revised inflated TPC is $89.96 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – COYOTE WATERSHED:

35. 26174043 Coyote Creek, Montague Expressway to Tully Road (E1)

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC increased by $37.18M

The overall Project schedule remains the same, but the Right of Way phase has been extended by 1 fiscal year to anticipate additional internal and external stakeholder coordination efforts required to complete the required land right acquisitions. There have been changes to the uninflated Project cost due to additional coordination efforts required to acquire environmental regulatory permits, additional efforts required to finalize the design contract documents and related coordination efforts with various external stakeholders required for project approval, required utility relocation efforts prior to the start of construction, anticipated additional stakeholder coordination efforts necessary to complete the required land right acquisitions, and coordination with construction cost estimating staff and manufacturers/vendors to best reflect the most current project contract documents and current construction market and inflation outlook. Additionally, construction contingency cost and costs for construction of backflow prevention measures (flap gates, inline check valves, and new manholes with flap gates) was not accounted for in previous construction cost estimates. The passive barriers utilized in the Coyote Creek Flood Protection Project are non-standard flood protection elements which constitute the largest single item of construction cost. The revised inflated TPC is $281.76 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

36. 40174005 Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd Phs 2

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $154K

The addition of scope to this Project is due to an unforeseen circumstance. During the process of preparing the Letter of Map Revision (LOMR) certification package, the H&H Unit identified two storm drain outlet facilities beneath the Milpitas Blvd bridge that

require two new flapgates to prevent backflow. The bridge and storm drain facilities belong to the City of Milpitas; but they have requested that Valley Water help install the storm drain flap gates. The overall Project schedule will extend by 1 year due to the installation of two flapgates on the City of Milpitas storm drains. The revised inflated TPC is $90.26 million.

37. 26324001 Upper Penitencia Ck, Coyote Crk-Dorel Dr, Corps (E4)

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 3 years/Inflated TPC increased by $15.68M

The Project scope is being modified to incorporate additional planning in FY26 and FY27 for targeted risk reduction measures for flooding hotspots, accelerate design activities, and review of phased implementation. The overall Project schedule is reduced by 3 years and the Project expenditures are adjusted to address the flooding hotspots increasing the Total Project Cost. The revised inflated TPC is $29.86 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION - UVAS/LLAGAS WATERSHED:

38. 26174051 Llagas Creek–Upper, Reimbursable (E6)

COST ONLY – Inflated TPC decreased by $255K

Two PG&E relocations originally included in the FY26 expenditure plan were eliminated through design modifications that resolved the conflict and relocation issue. As a result, the budget remaining from the reduction in FY26 expenditure will be allocated to Project Reserves. During Construction, a previously unknown AT&T conduit was encountered during construction and funds are needed to cover the cost of relocation, as well as additional PG&E scope of work to provide an electrical service to Valley Water's Church Avenue Groundwater Recharge Facility Fish Screen Inlet. This increase will be funded from Project Reserves. The revised inflated TPC is $49.92 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

39. 26174052 Llagas Creek–Upper, Corps Coordination (E6)

COST ONLY – Inflated TPC increased by $1.17M

The Project overspent in FY25 due to unforeseen Construction Contract claims for Upper Llagas Creek Flood Protection Project - Phase 2A which resulted in an increase to the overall Phase 2A contract cost, including the construction contract contingency. Per the Board Agenda Memo (item 25-0361), the Phase 2A construction contract increase will come from Project Reserves and will increase the overall TPC. The revised inflated TPC is $166.17 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

40. 26174054 Llagas Creek–Upper, Design (E6)

COST ONLY – Inflated TPC decreased by $602K

This Project was originally established to cover all consultant design costs. However, in recent years, construction support under the consultant agreement has been funded through Project number 26174052 instead of 26174054. As a result, this Project now has a surplus budget. The unallocated funds will be transferred to Project Reserves. The revised inflated TPC is $23.08 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

41. 26174055 Llagas Ck—Upper, Phase 2B Construction (E6) (NEW)

COST ONLY – Inflated TPC decreased by $204K (inflation only)

This Project began construction in FY25 with a contract bid award of $129 million, not including the 10% contingency. The construction expenditures were distributed throughout FY25-FY27 for the construction of the flood protection improvements and throughout FY28-FY30 for the 3-year mitigation vegetation establishment period. Currently, construction is ahead of schedule where the mild 2026-2027 winter has allowed the construction contractor to continue to complete the contract work. FY26 projected construction budget has been spent where there is a now a need to reallocate $15 million from the FY27 projected construction budget to pay for construction tasks being completed sooner than anticipated. In addition, to pay updated projected FY28 labor costs for Regulatory Compliance, $688,000 will be re-allocated from FY27 to FY28. The uninflated Project cost remains the same, but expenditures have been adjusted to match the earlier than anticipated construction tasks. The revised inflated TPC is $153.87 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

FLOOD PROTECTION – MULTIPLE WATERSHEDS:

42. 62084001 Watersheds Asset Rehabilitation Program (WARP)

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $18.23M

WARP is a category, or "bucket," of projects classified as small capital projects—those with scopes that exceed typical maintenance work and therefore must be bid out under the Public Works Contracts Code. Because of its ongoing nature, the WARP project plan is continuous and extends beyond the 15-year Capital Improvement Program (CIP) window. During each rollover period, the CIP incorporates the upcoming fiscal year from the original Project plan. This update adds FY41 and its planned expenditures of $10.42 million into the 15-year projection window. In addition, each year a three-year look-ahead is conducted for these small capital projects to update cost estimates and schedules as designs progress, ensuring that the total cost of WARP remains current. The revised inflated TPC is $326.81 million.

43. 00044026 San Francisco Bay Shoreline

SCOPE, SCHEDULE, AND COST – Overall schedule reduced by 1 year/Inflated TPC decreased by $57.12M

The current scope, schedule and cost only includes the design and construction scope for the UPRR Closure Structure and Pedestrian Bridge. The USACE received direction to proceed with the authorized Reach 4–5 project and subsequently provided some updated draft cost estimates on July 21, 2025. Cost estimates for the complete Reach 4-5 levee, Artesian Slough, Pedestrian Bridge, and Pump Station have not been provided by USACE. USACE is anticipated to release an updated total Project cost estimate in summer 2026 and the Project plan will be updated subject to available Watershed funding. The revised inflated TPC is $147.60 million.

44. 26444004 San Francisco Bay Shoreline, EIA 5-10 (E7)

COST ONLY – Inflated TPC decreased by $374K (inflation only)

The carryforward has been moved to FY27, as it is not needed in FY26. Valley Water has paid its expected cost share for the current fiscal year; however, additional expenditure may be required in future years. The revised inflated TPC is $15.18 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

WATER RESOURCES STEWARDSHIP – WEST VALLEY WATERSHED:

45. 26044056 SCW Regnart Creek Rehabilitation Project (F8)

SCHEDULE AND COST – Overall schedule extended by 2 years and 10 months/Inflated TPC increased by $432K

The overall schedule has been extended due to the additional time it will take to develop the CEQA document and obtain required regulatory permits, based on coordination with our environmental planners. In addition, the project team anticipates construction will span two seasons given the extent of the proposed project improvements. There is a minor increase in the overall total project cost at this time and expenditures are being shifted to future fiscal years to align with the updated schedule. Design costs have increased significantly due to the extended design and CEQA timelines. At this stage of project scoping, the construction cost is still under development and when the project team further advances the design, the construction cost will be updated. The Safe, Clean Water Program's 15-Year (FY2022-36) project allocation is $6.893M (inflated). The revised inflated TPC is $9.33 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

WATER RESOURCES STEWARDSHIP – COYOTE WATERSHED:

46. 91864011 Coyote Percolation Dam Phase 2

SCOPE, SCHEDULE, AND COST – Overall schedule extended by 1 year/Inflated TPC increased by $221K (inflation only)

The Project scope for the Coyote Percolation Dam Phase 2 has been modified. The revised scope will include the repair of Pond 10B along Coyote Creek and the associated channel tie-in. In addition, the proposed radial gate replacement (crest gate)

has been remodified to address several internal concerns raised during the design review process. These adjustments are necessary to ensure the project meets operational requirements and aligns with updated design and performance expectations. As a result of these scope modifications, the overall Project schedule has been expected to be extended by approximately one year. The uninflated Project cost remains unchanged with funds reallocated among tasks to cover additional work and redesigns, ensuring all key elements of the revised scope are completed within the existing budget. The revised inflated TPC is $7.94 million.

47. 26044003 Ogier Ponds Separation from Coyote Creek (D4.2)

SCHEDULE AND COST – Overall schedule reduced by 1 year and 5 months/Inflated TPC increased by $2.59M

The overall Project schedule is reduced by 1 year and 5 months. This project schedule is tied to the Anderson Dam Seismic Retrofit Project (ADSRP) and is dependent on ADSRP's timeline for completion. The Design Phase is advanced from FY31 to FY29 to allow for a possible construction start in FY29. Construction expenditures are being removed from this project number and will be moved to a new project number for auditing and funding purposes in the next CIP Cycle (FY28-FY32). The revised inflated TPC is $9.44 million.

If a change to the scope, schedule, or cost of a Safe, Clean Water project affects the project's KPI(s), delivery timeline, or funding allocations, the modification will be assessed to determine whether initiation of the Safe, Clean Water Program's Change Control Process is required.

WATER RESOURCES STEWARDSHIP – MULTIPLE WATERSHEDS:

48. 20444001 Calabazas/San Tomas Aquino Creek-Marsh Connection

SCHEDULE AND COST – Overall schedule extended by 1 year and 10 months/Inflated TPC increased by $4.26M

A schedule extension is necessary due to additional feasibility analyses required to select the preferred alternative, which is critical for initiating the long-term modeling. The modeling involves a 50-year simulation period to evaluate long-term flood risks and the extent of tidal marsh establishment. Additional time is also necessary to thoroughly vet modeling assumptions and to coordinate with related projects, such as the Shoreline Project, to ensure consistency. This effort will help ensure that the long-term modeling accurately assesses project benefits and verifies that the Project will not increase current flood risks. The overall Project duration extends by 1 year and 10 months due to project complexity. Expenditures were adjusted to match the updated Planning Study

Report. The design expenditures were adjusted in proportion to the revised construction cost estimate for the final project. The current estimated construction cost is $39 million, with Valley Water typically allocating 10–15% of the total construction cost for design. The revised inflated TPC is $19.63 million.

49. 20444002 Pond A4 Resilient Habitat Restoration

SCHEDULE AND COST – Overall schedule remains the same/Inflated TPC decreased by $3.14M

The construction start date has been adjusted to account for delays in finalizing terms with the dirt broker. However, the overall Project schedule and completion timeline remain unchanged. The uninflated Project cost has decreased by $2 million due to cost savings achieved through the construction contract. The previous Project estimate included $2 million for sediment required to construct the habitat bench. However, the contractor has agreed to provide the necessary sediment at no cost and to construct the habitat bench free of charge, utilizing both SMP sediment and the additional free sediment they are supplying. The revised inflated TPC is $8.29 million.

BUILDINGS & GROUNDS:

50. 60204022 Security Upgrades & Enhancements

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC decreased by $204K (inflation only)

The overall Project schedule has been extended from by 1 year, from FY27 to FY28, due to Phase II access control efforts for design, procurement, and award taking longer than anticipated, which resulted in the need to extend the construction phase and closeout. Project closeout is anticipated in June 2028. There is no change to the uninflated Project cost, only a reallocation of expenditures to match the schedule. The revised inflated TPC is $14.48 million.

51. 60204032 Headquarters Operations Building

SCHEDULE AND COST – Overall schedule extended by 1 year/Inflated TPC decreased by $19K (inflation only)

The overall Project schedule has been extended by 1 year due to adjustments in design efforts. Project closeout is expected in FY28. There is no change to the uninflated Project cost, only a reallocation of expenditures to match the schedule. The revised inflated TPC is $14.95 million.

SMALL CAPITAL IMPROVEMENTS – ALL TYPES OF IMPROVEMENTS (No CMMs required):

1. 93764004 Small Capital Improvements, Water Treatment

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC increased by $60.17M

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $149.73 million.

2. 91214010s Small Capital Improvements, San Felipe Reaches 1-3

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC increased by $2.70M

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $47.99 million.

3. 92764009 Small Capital Improvements, Raw Water Transmission

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by $1M

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $10.35 million.

4. 94764006 Small Capital Improvements, Treated Water Transmission

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by $98K

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $1.19 thousand.

5. 60204016 Small Capital Improvements, Facility Management

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC decreased by $2.56M

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $64.01 million.

6. 73274008 Small Capital Improvements, Software Upgrades & Enhancements

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC increased by $376K

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $14.734 million.

7. 95274003 Small Capital Improvements, WU Computer Network Modernization

SMALL CAPITAL FORECAST REVISIONS - Inflated TPC increased by $1.22M

Small Capital Project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, Project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. The Small Capital Project cost forecasts were revised during the first pass budget cycle. The revised inflated TPC is $23.98 million.

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Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26*	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value	Change from FY26	Project Phase (FY27)	Funded By	Zone W-2 %	Zone W-5 %	Zone W-7 %	Zone W-8 %
			A	B		A + B							
			Values last updated: 4.23.26 (All values are in thousands)										
	Water Supply - Storage												
B	91854001	Almaden Dam Improvements	13,801	27,727	157	41,528	3,033	Env/Des	W-2	100.000%			
B	**91854003**	**Almaden Calero Canal Rehabilitation**	**3,085**	**19,821**	**18,679**	**22,906**	**(1,386)**	**Env/ Des/Const**	**W-2**	**100.000%**			
A	**91864005**	**Anderson Dam Seismic Retrofit (C1)**	**280,563**	**1,744,741**	**158,853**	**2,025,304**	**56,453**	**Env/Des/Const**	**W-2/W-5/W-7**	**81.668%**	**7.527%**	**10.805%**	**0.000%**
A	**91864006**	**Anderson Dam Tunnel**	**288,972**	**18,541**	**18,541**	**307,513**	**12,257**	**Des/Env/Const/Close**	**W-2/W-5/W-7**	**81.668%**	**7.527%**	**10.805%**	**0.000%**
A	**91864007**	**Coyote Creek Flood Management Measures**	**93,810**	**1,554**	**805**	**95,364**	**(6,082)**	**Env/Const**	**W-2/W-5/W-7**	**81.668%**	**7.527%**	**10.805%**	**0.000%**
A	**91864008**	**Coyote Creek Chillers**	**32,754**	**11**	**11**	**32,765**	**3,956**	**Const/Close**	**W-2/W-5/W-7**	**81.668%**	**7.527%**	**10.805%**	**0.000%**
A	**91864009**	**Coyote Percolation Dam Replacement**	**17,736**	**-**	**-**	**17,736**	**(1)**	**Closeout**	**W-2/W-5/W-7**	**81.668%**	**7.527%**	**10.805%**	**0.000%**
A	91084020s	Calero and Guadalupe Dams Seismic Retrofits	51,931	270,900	13,596	322,831	5,928	Plng/Env/Des	W-2	100.000%			
	91084020	Calero and Guadalupe Dams Seismic Retrofits - Planning	12,185	6,194	3,174	18,379	4,621	Plan/Env	W-2	100.000%			
	91874004	Calero Dam Seismic Retrofit - Design & Construction	24,053	134,330	5,218	158,383	(4,051)	Env/Des	W-2	100.000%			
	91894002	Guadalupe Dam Seismic Retrofit - Design & Construction	15,693	130,376	5,204	146,069	5,358	Env/Des	W-2	100.000%			
B	91884003	Coyote Dam Seismic Stability	456	399,681	3,051	400,137	(6,339)	Plan/Env	W-2	100.000%			
B	**91234002**	**Coyote Pumping Plant ASD Replacement**	**48,790**	**1,128**	**1,128**	**49,918**	**(49)**	**Des/Const/Close**	**W-2**	**100.000%**			
A	91084019	Dam Seismic Stability Evaluation	23,442	6,316	89	29,758	(204)	Planning	W-2/W-5/W-8	42.857%	55.943%	0.000%	1.200%
E	**91954002**	**Pacheco Reservoir Expansion Project**	**146,043**	**-**	**-**	**146,043**	**(2,586,215)**	**Closeout**	**W-2/W-5/W-7**	**83.612%**	**10.009%**	**6.332%**	**0.047%**
B	91214010s	Small Capital Improvements, San Felipe Reach 1-3	5,456	42,534	5,922	47,990	2,699	Continuing	W-2/W-5/W-7	81.668%	7.527%	10.805%	0.000%
		Subtotal:	**1,006,839**	**2,532,954**	**220,833**	**3,539,794**	**(2,515,949)**						

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	A Actual/ Appropriated thru FY26*	B Remaining Cost to Completion	FY27 Planned Expenditure	A + B Total Project Value	Change from FY26	Project Phase (FY27)	Funded By	Zone W-2 %	Zone W-5 %	Zone W-7 %	Zone W-8 %
			Values last updated: 4.23.26 (All values are in thousands)										
Water Supply - Transmission													
B	**95084002**	**10-Year Pipeline Rehabilitation (FY18-FY27)**	**180,444**	**2,781**	**2,453**	**183,225**	**(309)**	**Plan/Des/Const/Close**	**W-2/W-5/W-7/W-8**	**95.888%**	**3.162%**	**0.886%**	**0.064%**
B	95084003	Pipeline Maintenance Program	627	976	523	1,603	(42)	Planning	W-2	100.000%			
B	**95084004**	**East Pipeline Inspection & Rehabilitation**	**1,992**	**12,460**	**11,475**	**14,452**	**(1,937)**	**Coonstruction**	**W-2**	**100.000%**			
B	**95084005**	**Penitencia Delivery Main and Force Main Inspection & Rehabilita**	**1,780**	**5,214**	**5,051**	**6,994**	**1,742**	**Construction**	**W-2**	**100.000%**			
B	**95084006**	**Santa Teresa Force Main Inspection & Rehabilitation**	**587**	**9,817**	**7,669**	**10,404**	**6,978**	**Env/Des/Const**	**W-2**	**100.000%**			
B	**95084007**	**Milpitas Pipeline Inspection & Rehabilitation**	**616**	**14,681**	**1,152**	**15,297**	**(743)**	**Des/Const**	**W-2**	**100.000%**			
B	95084008	Santa Clara and Campbell Distributary Inspection & Rehabilitation	-	12,129	575	12,129	(504)	Env/Des	W-2	100.000%			
B	**92304001**	**Almaden Valley Pipeline Replacement Project**	**8,593**	**164,797**	**44,381**	**173,390**	**69,826**	**Env/Des/Const**	**W-2**	**100.000%**			
B	95044001	Distribution System Master Plan Implementation	8,835	472	472	9,307	10	Plan/Env	W-2/W-5/W-7/W-8	84.133%	12.199%	3.420%	0.248%
C	92C40357	FAHCE Implementation	-	145,108	-	145,108	-	Placeholder (FY28)	W-2/W-5/W-7	93.950%	2.630%	3.420%	0.000%
C	**26764001**	**IRP2 Additional Line Valves (A3)**	**27,665**	**6,121**	**5,531**	**33,786**	**(309)**	**Env/Des/Const**	**SCW**	**100.000%**			
E	92144001	Pacheco/Santa Clara Conduit Right of Way Acquisition	6,197	38	38	6,235	(1)	Closeout	W-2/W-5/W-7	81.668%	7.527%	10.805%	0.000%
E	95044002	SCADA Master Plan Implementation	5,594	907	907	6,501	21	Plan/Env	W-2/W-5/W-7/W-8	84.133%	12.199%	3.420%	0.248%
B	95044004	SMPIP Upgrades - Phase 1	-	9,417	367	9,417	(998)	Plan/Env	W-2/W-5/W7/W-8	84.133%	12.199%	3.420%	0.248%
B	92764009	Small Capital Improvements, Raw Water Transmission	1,100	9,252	1,430	10,352	(1,001)	Continuing	W-2/W-5/W7/W-8	83.612%	10.009%	6.332%	0.047%
B	94764006	Small Capital Improvements, Treated Water Transmission	292	895	292	1,187	(97)	Continuing	W-2	100.000%			
B	**94084007**	**Treated Water Isolation Valves**	**6,423**	**6,332**	**806**	**12,755**	**(614)**	**Des/Const**	**W-2**	**100.000%**			
B	92264001	Vasona Pump Station Upgrade	5,038	33,552	1,831	38,590	3,392	Design	W-2	100.000%			
		Subtotal:	**255,783**	**434,949**	**84,954**	**690,732**	**75,414**						

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26* (A)	Remaining Cost to Completion (B)	FY27 Planned Expenditure	Total Project Value (A + B)	Change from FY26	Project Phase (FY27)	Funded By	Zone W-2 %	Zone W-5 %	Zone W-7 %	Zone W-8 %
			Values last updated: 4.23.26 (All values are in thousands)										
		Water Supply - Treatment					-						
B	93234044	PWTP Residuals Management	30,805	100,825	34,408	131,630	36,268	Construction	W-2	100.000%			
B	93284014	STWTP Infrastructure Rehabilitation	-	242,669	1,628	242,669	242,669	Design	W-2	100.000%			
B	93294057	RWTP Reliability Improvement	487,758	231,041	124,411	718,799	(1,890)	Construction	W-2	100.000%			
B	93294059	RWTP Liquid Ammonium Sulfate Facility	700	6,129	977	6,829	55	Design	W-2	100.000%			
B	93764004	Small Capital Improvements, Water Treatment	13,186	136,541	9,055	149,727	59,842	Continuing	W-2	100.000%			
B	93084004	Water Treatment Plant Electrical Improvement Project	3,095	16,425	2,265	19,520	140	Des/Const	W-2	100.000%			
B	93044001	WTP Master Plan Implementation	9,128	7,924	1,360	17,052	7,801	Planning	W-2	100.000%			
		Subtotal:	**544,672**	**741,553**	**174,104**	**1,286,225**	**344,884**						
		Water Supply - Recycled Water					-						
E	91294001	Pure Water Silicon Valley - Phase 1	16,689	90,073	16,256	106,762	(4,287)	Plan/Env/Des/Const	W-2	100.000%			
E	91294002	Pure Water Silicon Valley - Full-Scale Direct Potable Reuse (DPR	-	2,448,924	1,877	2,448,924	2,448,924	Planning	W-2	100.000%			
E	91094001	Land Rights - South County Recycled Water PL	3,776	3,349	3,349	7,124	147	Des/Close	W-5		100.000%		
E	91094007s	South County Recycled Water Pipeline	63,370	90	90	63,460	3,353	Const/Close	W-5		100.000%		
		Subtotal:	**83,834**	**2,542,436**	**21,572**	**2,626,270**	**2,452,033**						
		Water Supply Total:	**1,891,128**	**6,251,892**	**501,463**	**8,143,020**	**243,597**						
		Validated - Future Unfunded Projects											
	918540XX	Almaden Calero Canal Improvement - Phase 2	0	12,950	0	12,950							
	XXXX40XX	Alamitos Operable Dam Replacement	0	9,810	0	9,810							
		Validated - Unfunded Total:	**-**	**22,760**	**-**	**22,760**							

Legend:

Black	- Black Text: Continuing projects or projects carried forward from the FY26 CIP
Gray	- Gray Text: Individual projects considered part of a group or family of projects
Orange	*- Orange Text: Projects to be completed or cancelled in FY 2026*
Green	- Green Text: Projects in the Construction phase
Blue	- Blue Text: New projects proposed for the FY 27 CIP
*	- Column A: Actuals spent through prior year + planned expenditures in current year
(s)	- "s" suffix on project number signifies a group of projects on one project page

Funded by Legend:

W-2	- North Zone; revenue is allocated based on % of benefit to the zone
W-5	- South Zone; revenue is allocated based on % of benefit to the zone
W-7	- South Zone; revenue is allocated based on % of benefit to the zone
W-8	- South Zone; revenue is allocated based on % of benefit to the zone
CSC	- funded by revenue from Clean Safe Creeks program
SCW	- funded by revenue from Safe Clean Water program
PT	- funded by revenue from Property Tax
Subvent	- funded by State Subventions

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax, Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26*	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value	Change from FY26	Project Phase (FY27)	Funded By
			B			A + B			
			Values last updated: 4.23.26 (All values are in thousands)						
	Lower Peninsula Watershed								
B	10394001	Palo Alto Flood Basin Tide Gate Structure Replacement	12,918	916	591	13,834	2,552	Const/Close	PT
C	10284007s	San Francisquito Creek, SF Bay thru Searsville Dam (E5)	67,475	-	-	67,475	(54,156)	Closeout	PT/CSC/SCW
		Subtotal:	**80,393**	**916**	**591**	**81,309**	**(166,870)**		
	West Valley Watershed								
C	26074002	Sunnyvale East and West Channels (E2)	38,134	122,792	54,789	160,926	70,490	Construction	CSC
		Subtotal:	**38,134**	**122,792**	**54,789**	**160,926**	**70,490**		
	Guadalupe Watershed								
B	30154019	Lower Guadalupe River Capacity Restoration Project	6,305	27,989	7,275	34,294	(76,113)	Env/Des/Const	PT
C	26154001s	Guadalupe River–Upper, I-280 to Blossom Hill Road (E8)	117,339	20,997	1,879	138,337	4,190	Env/Plan	CSC/SCW
		Subtotal:	**123,644**	**48,986**	**9,154**	**172,631**	**(71,923)**		
	Coyote Watershed								
E	26174041s	Berryessa Creek, Calaveras Blvd to I-680	50,240	4,933	1,573	55,173	(119)	Construction	CSC
E	40174004s	Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd	136,938	231	231	137,169	(77,070)	Const/Close	PT
C	26174043	Coyote Creek, Montague Expressway to Tully Road (E1)	65,071	216,690	82,952	281,761	37,183	Des/Const	CSC
E	40334005	Lower Penitencia Ck Improvements, Coyote Ck to Berryessa Ck	35,493	21	21	35,515	(1)	Closeout	PT
C	40324003s	Upper Penitencia Creek, Coyote Creek to Dorel Drive	15,875	25,764	1,726	41,639	15,679	Plan/Env/Des	PT/SCW
		Subtotal:	**303,617**	**247,639**	**86,503**	**551,256**	**(24,327)**		

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax, Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26* (B)	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value (A + B)	Change from FY26	Project Phase (FY27)	Funded By
			Values last updated: 4.23.26 (All values are in thousands)						
							-		
	Uvas/Llagas Watershed						-		
C	26174051s	Llagas Creek–Upper, Buena Vista Avenue to Llagas Road (E6)	360,092	34,393	33,182	394,485	112	Const/Close	CSC/SCW
		Subtotal:	360,092	34,393	33,182	394,485	112		
							-		
	Multiple Watershed						-		
C	00044026s	San Francisco Bay Shoreline (E7)	135,153	51,747	7,756	186,900	(57,493)	Env/Des/Const	PT
	00044026	San Francisco Bay Shoreline	106,129	41,469	4,024	147,598	(57,118)	Env/Des/Const	PT
	26444001	San Francisco Bay Shoreline - EIA 11 Design & Partial Construction (E7)	17,516	-	-	17,516	-	Closed	PT
	26444002	San Francisco Bay Shoreline - EIAs 1-4	5,763	-	-	5,763	(1)	Planning	PT
	26444004	San Francisco Bay Shoreline - EIAs 5-10	4,896	10,279	3,732	15,175	(374)	Planning	PT
	26444005	San Francisco Bay Shoreline - EIA 11 Design & Partial Constructio	-	-	-	-	-	Planning	PT
B	62084001	Watersheds Asset Rehabilitation Program (WARP)	87,857	238,949	13,659	326,806	18,228	g/Env/Des/Const/Cl	PT
		Subtotal:	223,010	290,697	21,415	513,706	(39,266)		
							-		
		Flood Protection Total:	1,128,891	745,422	205,634	1,874,312	(231,785)		

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax, Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26*	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value	Change from FY26	Project Phase (FY27)	Funded By
				B		A + B			
			Values last updated: 4.23.26 (All values are in thousands)						
Validated - Future Unfunded Projects									
	401340XX	South Babb Flood Protection - Long Term	-	22,339	-	22,339			
	50284010	Llagas Creek–Lower, Capacity Restoration, Buena Vista Road to Pajaro River	5,112	-	-	-			
	103940XX	Palo Alto Flood Basin Tide Gate Structure Replacement (Phase 2)	-	-	-	-			
	XXXX40XX	Permanente & Hale Creeks Concrete Replacement	-	19,226	-	19,226			
		Validated - Unfunded Total:	**5,112**	**41,565**	**0**	**41,565**			

Legend:

Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP

Gray - Gray Text: Individual projects considered part of a group or family of projects

Orange - Orange Text: Projects to be completed or cancelled in FY 2026

Green - Green Text: Projects in the Construction phase

Blue - Blue Text: New projects proposed for the FY 27 CIP

* - Column A: Actuals spent through prior year + planned expenditures in current year

(s) '- "s" suffix on project number signifies a group of projects on one project page

Funded by Legend:

W-2 - North Zone; revenue is allocated based on % of benefit to the zone

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W-7 - South Zone; revenue is allocated based on % of benefit to the zone

W-8 - South Zone; revenue is allocated based on % of benefit to the zone

CSC - funded by revenue from Clean Safe Creeks program

SCW - funded by revenue from Safe Clean Water program

PT - funded by revenue from Property Tax

Subvent - funded by State Subventions

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges, Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

				B		A + B					
Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26*	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value	Change from FY26	Project Phase (FY27)	Funded By	Zone W-2 %	Zone W-5 %
			Values last updated: 4.23.26 (All values are in thousands)								
	Mitigation										
C	40664001	Aquatic Resource Creation at Ford Road Percolation Pond	-	6,366	1,883	6,366	6,366	Planning	SCW		
	Environmental Enhancement & Stewardship										
	Lower Peninsula Watershed										
C	00294001s	Stevens Creek Fish Passage Enhancement	850	17,797	-	18,647	131	Placeholder (FY28)	W-2 (90%)/PT(10%)	100%	
C	26164001	Hale Creek Enhancement Pilot Project (D6.1)	12,395	-	-	12,395	-	Closeout	CSC/SCW		
	West Valley Watershed						-				
C	26044056	SCW Regnart Creek Rehabilitation Project (F8)	579	8,754	985	9,333	432	Env/Des	PT/SCW		
	Coyote Watershed						-				
C	91864011	Coyote Percolation Dam - Phase 2	-	7,941	4,033	7,941	221	Construction	W-2/W-5	81.668%	18.332%
C	26044003	Ogier Ponds Separation from Coyote Creek (D4.2)	4,834	4,606	1,324	9,440	2,585	Design	SCW		
C	95C40401	Ogier Ponds Construction	-	25,542	-	25,542	(766)	Placeholder (FY31)	TBD		
	26C44006	Ogier Ponds Construction	-	3,303	-	3,303	(3,676)	Placeholder (FY31)	SCW		
	Uvas/Llagas Watershed						-				
C	26044004	Bolsa Road Fish Passage Improvement (D6.2)	9,088	67	67	9,155	(4)	Const/Close	SCW		
	Multiple Watersheds (Lower Peninsula, Guadalupe, Coyote, Uvas/Llagas)						-				
C	20444001s	Calabazas/San Tomas Aquino Creek-Marsh Connection	12,452	7,487	2,348	19,939	4,261	Env/Des	PT/SCW		
C	26044002	Pond A4 Resilient Habitat Restoration Project	5,526	2,761	601	8,287	(3,143)	Construction	SCW		
C	26044005	SCW D4.3 Fish Passage Improvements (Moffett)	1,991	7,125	6,839	9,116	(354)	Env/Des/Const	SCW		
C	40214023	Coyote 10B Freshwater Wetlands	1,372	7,571	1,408	8,943	(366)	Design	PT		
		Subtotal:	**49,087**	**99,320**	**19,488**	**148,406**	**282**				
	Feasibility Studies										
	None	**Subtotal:**									
		Water Resources Stewardship Total:	**49,087**	**99,320**	**19,488**	**148,406**	**282**				

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges, Property Tax, Subventions

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

Project Category	Project Number	Project Name	Actual/ Appropriated thru FY26*	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value	Change from FY26	Project Phase (FY27)	Funded By	Zone W-2 %	Zone W-5 %
				B		A + B					
			Values last updated: 4.23.26 (All values are in thousands)								
Validated - Future Unfunded Projects											
	2044400X	Pond A4 - (Construction Only)	-	32,968	-	32,968					
	204440XX	Calabazas/San Tomas Aquino Creek-Marsh Connection - Const	-	32,743	-	32,743					
		Validated - Unfunded Total:	**-**	**32,968**	**-**	**32,968**					

NOTES:

1) Implementation of the Mitigation projects is considered non-discretionary since they are needed to meet California Environmental Quality Act (CEQA) or regulatory commitments. Therefore, a priority score is not required.
2) Environmental Enhancement projects are implemented at the discretion of the Board. Projects may go through a ranking process to compete for CSC funds or the board may direct that other available revenue be used to implement the proposed projects.

Legend:

Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP
Orange - Orange Text: Projects to be completed or cancelled in FY 2026
Green - Green Text: Projects in the Construction phase
Blue - Blue Text: New projects proposed for the FY 27 CIP
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Subvent - funded by State Subventions

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Buildings and Grounds Projects

Revenue Source: Groundwater Charges, Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data

				B	A + B							
Project Category	**Project Number**	**Project Name**	**Actual/ Appropriated thru FY26***	**Remaining Cost to Completion**	**FY27 Planned Expenditure**	**Total Project Value**	**Change from FY26**	**Project Phase (FY27)**	**Funded By**	**WUE %**	**WSS %**	**SCW %**
			Values last updated: 4.23.26 (All values are in thousands)									
B	60204016	Small Capital Improvements, Facility Management	4,006	60,000	4,000	64,006	(2,555)	Continuing	PT/W-2/W-5	60%	40%	0%
E	60204032	Headquarters Operations Building	9,610	5,341	5,287	14,951	(19)	Construction	PT/W-2/W-5	60%	30%	10%
B	60204022	Security Upgrades and Enhancements	10,434	4,042	3,965	14,476	(204)	Des/Const	PT/W-2/W-5	60%	30%	10%
		Buildings & Grounds Total:	**24,050**	**69,383**	**13,252**	**93,433**	**(2,778)**					

Validated - Future Unfunded Projects

	None			-	-	-						
		Validated - Unfunded Total:		**-**	**-**	**-**	-					

Legend:

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Orange - Orange Text: Projects to be completed or cancelled in FY 2026

Green - Green Text: Projects in the Construction phase

Blue - Blue Text: New projects proposed for the FY 27 CIP

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W-8 - South Zone; revenue is allocated based on % of benefit to the zone
WUE - funded by revenue from Water Utility Enterprise Fund
WSS - funded by revenue from Watershed and Stream Stewardship Fund
CSC - funded by revenue from Clean Safe Creeks program
SCW - funded by revenue from Safe Clean Water program
PT - funded by revenue from Property Tax
Subvent - funded by State Subventions

Information Technology Projects

Revenue Source: Groundwater Charges, Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data				B		A + B										
Project Category	**Project Number**	**Project Name**	**Appropriated thru FY26***	**Remaining Cost to Completion**	**FY27 Planned Expenditure**	**Total Project Value**	**Change from FY26**	**Project Phase (FY27)**	**Funded By**	**WUE %**	**WSS %**	**SCW %**	**Zone W-2 %**	**Zone W-5 %**	**Zone W-7 %**	**Zone W-8 %**
			Values last updated: 4.23.26 (All values are in thousands)													
B	73274013	ERP Replacement	-	31,572	8,312	31,572	(1,653)	Construction	PT/W-2/W-5	65%	35%	0%	76.2%	18.3%	5.1%	0.4%
B	**73274008**	**Small Capital Improvements, Software Upgrades & Enhancements**	**609**	**14,125**	**653**	**14,734**	**376**	**Construction**	**PT/W-2/W-5**	**65%**	**35%**	**0%**	**76.2%**	**18.3%**	**5.1%**	**0.4%**
B	**95274003**	**Small Capital Improvements, WU Computer Network Modernization**	**3,587**	**20,392**	**52**	**23,979**	**1,222**	**Construction**	**PT/W-2/W-5**	**100%**	**0%**	**0%**	**76.2%**	**18.3%**	**5.1%**	**0.4%**
		Information Technology Total:	**4,196**	**66,089**	**9,017**	**70,285**	**(1,340)**									

Validated - Future Unfunded Projects

N/A			-	12,451	-	12,451										
		Validated - Unfunded Total:	**-**	**12,451**	**-**	**12,451**										

Legend:

Black - Black Text: Continuing projects or projects carried forward from the FY26 CIP

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Green - Green Text: Projects in the Construction phase

Blue - Blue Text: New projects proposed for the FY 27 CIP

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CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN

Information Technology Projects

Revenue Source: Groundwater Charges, Property Tax

FY 2027-31 FINANCIAL OVERVIEW

FY 2027 5-Year CIP Data				B	A + B											
Project Category	Project Number	Project Name	Appropriated thru FY26*	Remaining Cost to Completion	FY27 Planned Expenditure	Total Project Value	Change from FY26	Project Phase (FY27)	Funded By	WUE %	WSS %	SCW %	Zone W-2 %	Zone W-5 %	Zone W-7 %	Zone W-8 %
			Values last updated: 4.23.26 (All values are in thousands)													

Funded by Legend:

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CIP GRAND TOTAL:	3,097,351	7,232,105	748,854	10,329,456	7,976

	A	B	C	D	E
PROJECT DRIVER TOTALS:	7	34	21	-	11

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Santa Clara Valley Water District

2026 Escalation Project Report

Santa Clara County, CA

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EXECUTIVE SUMMARY

INTRODUCTION

To support the Santa Clara Valley Water District "Valley Water" planning goals with respect to capital planning, construction planning and financial analysis in the 2026 fiscal year OCMI has been asked to provide a market study that provides analysis of current and projected future market conditions.

SUMMARY ANALYSIS

National Construction Market

As the large tranche of construction projects that began in 2022-24 reach the end of their spending curves, interest rates remain high and market-wide uncertainty prevails. Net demand for construction, and overall construction volume, is likely to wane through the end of FY25 and most of FY26, particularly across the private sector. Overall contractor 'hunger factor' is likely to increase moderately through Q1 or Q2 FY26. A gradual revival of volume is forecasted to begin in late FY26, with 'normal' supply/demand balance realized in FY28.

Material / Equipment

Contemporary federal action related to the possible implementation of trade tariffs has caused – at least temporary – volatility in some material markets. Even if not ultimately codified, the market's reaction to the specter of tariffs will likely result in a 10-15% increase in construction material pricing in FY25. Going forward, we expect a swift return to high-end-normal material escalation rates in FY26 and FY27. In the out years of FY28 through FY30, longer term evolutions in international trade dynamics could result in above-average material price growth in a given year.

Equipment costs (referring to the non-permanently installed equipment required for construction, e.g. excavators, trucks, rentable crewed machinery) are forecasted to see a slightly delayed impact from the international trade dynamics that are currently evolving. Particularly in FY26 through FY29, we expect above-average growth in equipment costs; resultant of higher replacement part costs from overseas manufacturing centers, rising (compared to current) energy pricing over the coming years, and complications in supply chain from the domestic re-shoring of manufacturing that may manifest in FY28-FY30.

Labor

Overall construction labor roles have continued to decline since our last report, but the rate of reduction has decreased over the course of 2025 with a net loss of 500 jobs for the period. Large infrastructure investments county wide, paired with impediments to traditional hiring practices in trades that are heavily utilized in infrastructure projects, will serve to continue to provide inflationary pressure on local wages. Selective savings in vertical or other specialty construction projects are possible due to the paucity of competing vertical work.

Competition

Low levels of private sector construction activity have continued to stimulate interest in the public construction sector, and bidder interest in infrastructure and civic projects has risen markedly over the last 12 months, with public projects routinely seeing as many as 10 interested parties per project. Though not all of these parties tend to bid each individual project, the net effect has been an average bidder turnout that well exceeds previous years. However, this increased interest in the public sector has yet to translate to markedly lower expectations on the part of these same bidders in terms of overhead and other contractor driven costs.

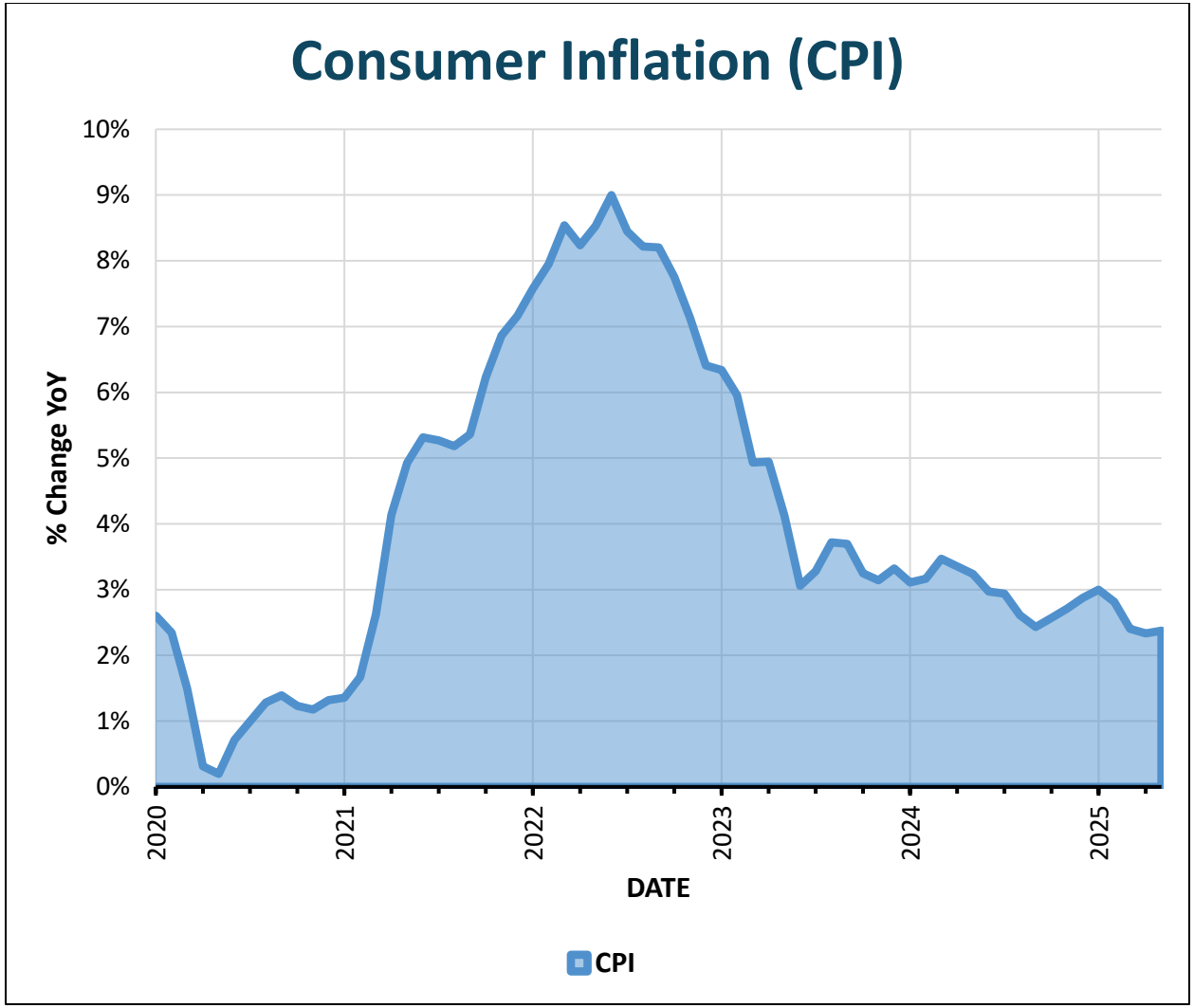
Conclusions

Despite instability in wider economic markets and federal initiative direction, the greater Santa Clara County construction economy has continued to see growth over the last twelve months. Continuations of trends seen last year, namely a flight to public construction in the face of declining private sector volume, continue to be prevalent in the marketplace- though current and future planned investments into artificial intelligence are anticipated to lead to rapidly increasing volume in the private sector once interest rates decline in early/middle 2026. Material price fluctuations across the wider construction industry will continue to exert influence on both direct contractor pricing and risk-related premiums and contingencies, and it is anticipated that though interest in Valley Water projects will continue to grow in the short term this is not likely to translate to significant savings in terms of contractor overhead, profit and general conditions costs. Continued shortages in labor, exacerbated by the Pacific Palisades fire in Los Angeles, will continue to serve to raise commanded wages area wide- in some cases by as much as 30% depending on the trade. Marked growth in directly competing projects, namely multibillion infrastructure initiatives, will make the acquisition and retention of qualified sources of labor more costly and require increased coordination with contracting partners to ensure a continuous flow of resources to Valley Water construction priorities.

OVERALL ECONOMIC CONDITIONS

CONSUMER INFLATION

National inflation rates, which had been on a downward trend over the course of 2024, have begun to show signs of renewed movement upward. An increase of .5% from the end of last year to 2.8% was observed through February of 2025, but slight increases in optimism regarding trade policy have resulted in a downtick to 2.3% as April 2025 data, yielding an aggregate increase of .1% over the first quarter. Increased market and public policy volatility have led to markedly lower consumer confidence index readings, which has resulted in the highest levels of concern about long-term inflation since the early 1980s. This, paired with concerns about slowing levels of economic growth, is leading to further concern about a "stagflation" event, or a situation in which the economy is declining even as interest rates rise. Should this precipitate itself, the Federal Reserve would have to choose whether to attempt to stimulate the economy by dropping interest rates, thereby potentially increasing inflation, or increasing interest rates and thereby furthering economic decline. With neither of these choices considered to be particularly favorable, this outcome represents the most negative of the possible outcomes currently contemplated.

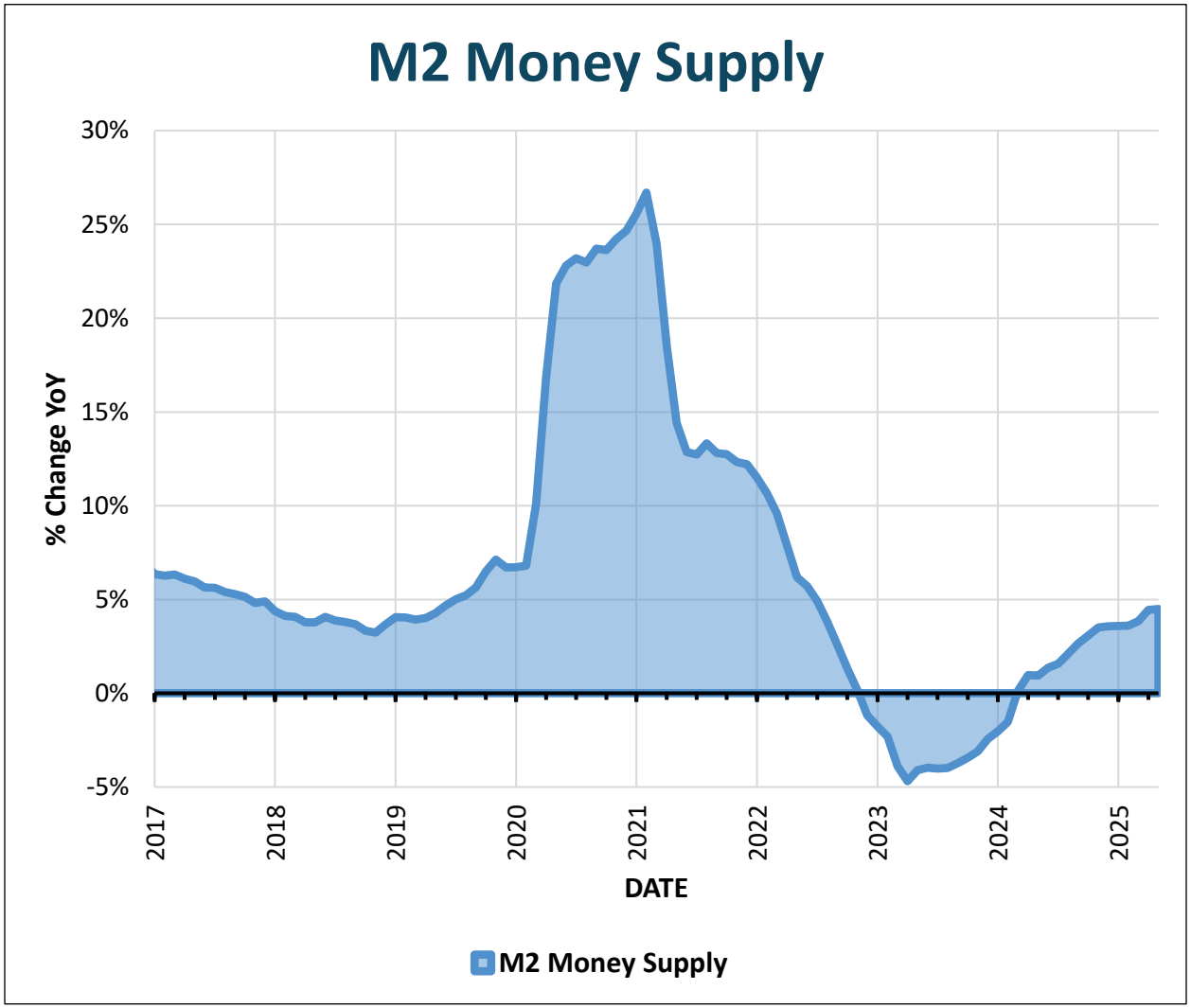


TARIFFS & TRADE POLICY

Current federal trade policy, though still very much in flux, is the largest potential catalyst for interest rates in the short and medium terms. Though recent suspensions of most of the announced tariffs points to potential for changes to these expectations, a return to the previously announced adjustments to US trade policy would likely result in higher inflation, with rates unlikely to stabilize until passed fully through to the consumer. This increased volatility has resulted in an alteration of short to medium term expectations for federal interest rates, and the current messaging from the Federal Reserve suggests that interest rates, which were projected previously to fall this year, are likely to remain unchanged in 2025. It should be cautioned that the situation is still highly fluid, and Jerome Powell, the Chairman of the Federal Reserve, has made several comments about the possibility of interest rate reductions were concerns about inflation to ameliorate. However, concerns about the aforementioned "stagflation" are likely to cause the Fed to continue to be reasonably cautious about adjustments to rates in favor of leaving the option as a possibility for later to counter adverse market reaction to new policy.

M2 MONEY SUPPLY

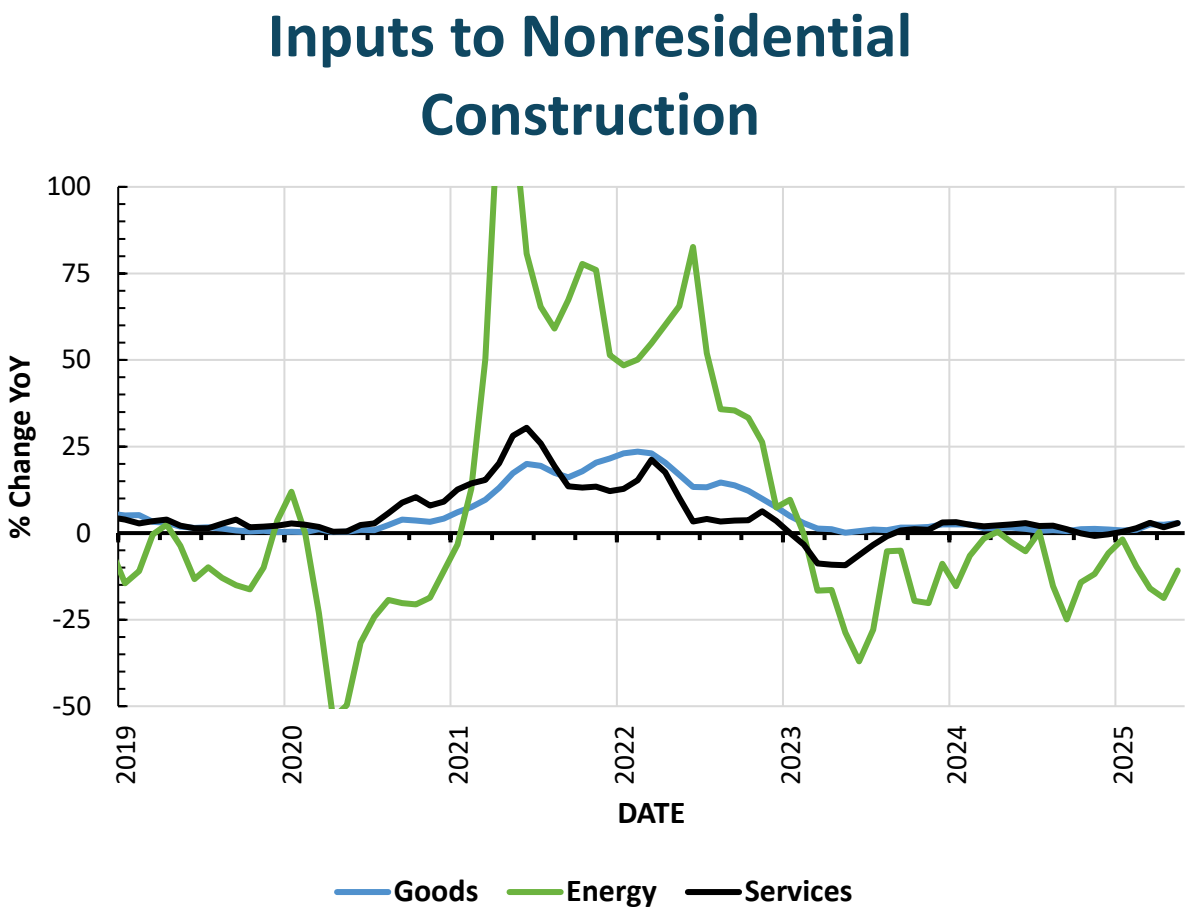
The M2 money supply, which is a measure of the total US monetary supply and includes M1 (physical currency and demand deposits) plus savings deposits, small-denomination time deposits, and retail money market funds, began to climb in early 2024 after seeing a decline from the all-time high of $22T, set in April of 2022. Though increases over the last twelve (12) months have been less dramatic than those observed in the period immediately following the COVID pandemic, they have still been enough to post a total increase of $1T over the period. Increases in total monetary supply from the pandemic to now have totaled roughly 40%, and these increases in total available monetary stock account for a large portion of the perceived increases in construction activity over the same period. In fact, if one controls for total inflation over the period, which is roughly 40%, total US put in place construction for 2025 is projected to be roughly 17% above the levels observed in 2019 ($1.6T vs. 1.37T).



ENERGY PRICING

Energy pricing is a tremendously important component of construction costs due to its use at multiple stages throughout the lifecycle of the production, transportation and installation of materials and equipment. Domestic energy costs, measured by the per barrel West Texas Intermediate (WTI) price of oil, have declined each of the last three (3) years and are currently sitting just above $60/barrel.

This decrease has been predicated on both declining domestic demand and increased international production, and domestic producers have responded to these conditions by slowly trimming production investments. Active domestic wells/drilling rigs have declined each year since 2022 and, as of the second week of April 2025, are standing at 6% below their level at the same time last year. Despite these reductions, the supply for each of those three years has risen modestly, and 2025 is forecasted to see a continuation of the same trends with moderate rises in supply coupled with lower investment in production equipment. Nondomestic producers, notably OPEC, have and are expected to continue to increase supply in a bid to further reduce competition from other producers. Though this will result in lower energy pricing in the short term, the distance and difficulty of transporting energy coupled with the rising degree of geopolitical conflicts in the area in which OPEC extracts their products makes the possibility of a “black swan” event, or a situation in which international supply drops precipitously and/or prices rise markedly in a short period of time, more likely. Should this occur, the decreases in domestic production investment will take time to reverse, which would lead to significant inflation in energy market pricing until new production options are brought online. Because of these conditions current energy pricing presents an opportunity for savings, especially in the operation of heavy equipment, but also represents one of the larger potential horizon risk events.



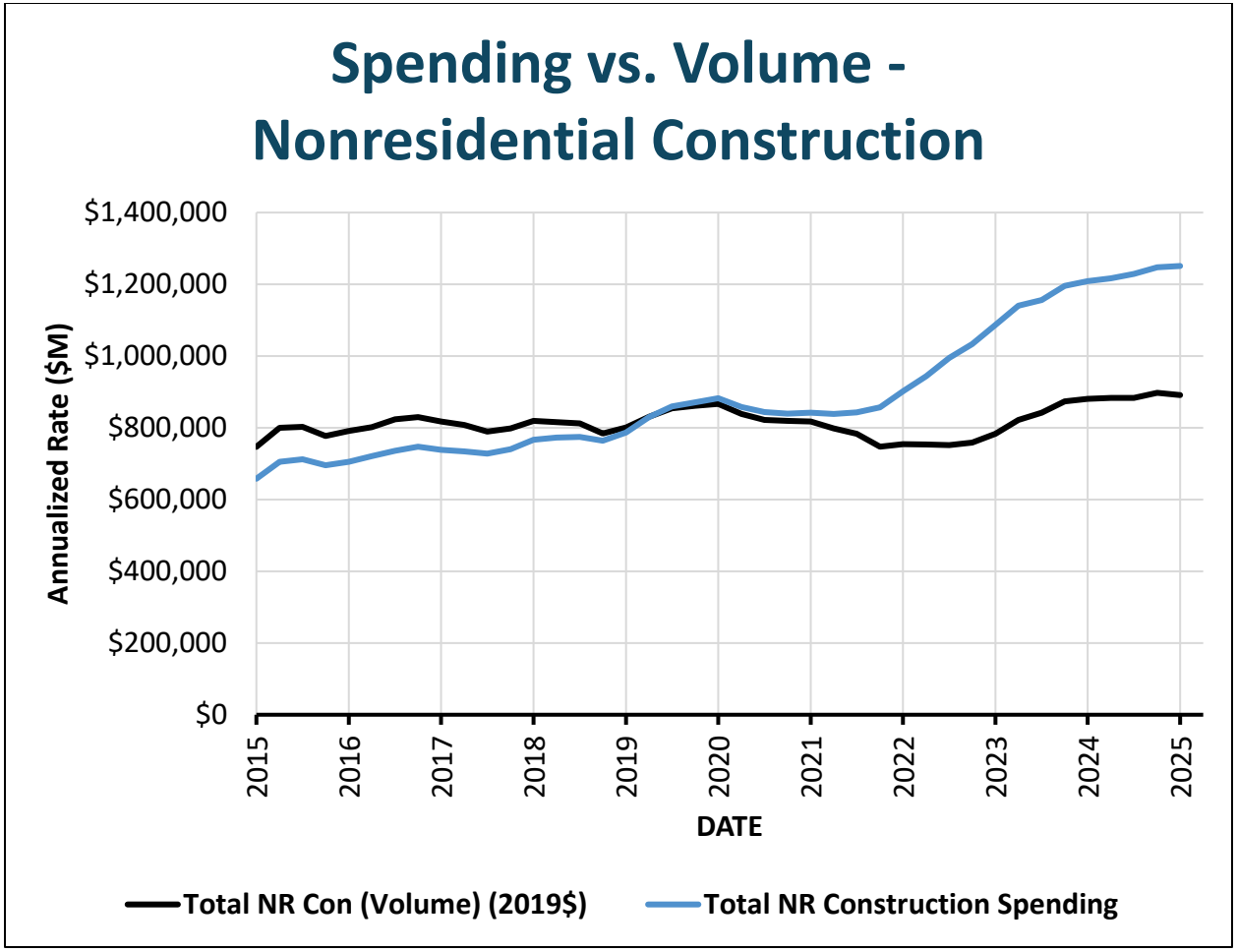
CONSTRUCTION DEMAND

CONSTRUCTION SPENDING & VOLUME

At a nominal level (blue line), Total Nonresidential Construction Spending (TNRCS) in the US has rebounded from post pandemic-onset dip since September of 2021, with annualized rates of construction spending reaching new highs nearly every month since.

Importantly, though, the reported spending values are not controlled for escalation; monetary inflation or otherwise. While it is difficult to apply a perfect adjustment methodology, the graph to the right demonstrates the results of adjusting the data to reflect 2019 dollars (black) by using the Bureau of Labor Statistics' 'Final Demand for Construction Producer Price Index.' With this illustration, it's clear that the steep, upward trend in nominal spending is not strictly in correlation with the actual volume of work being accomplished. Compared to 2019, Nonresidential Construction Spending has finished each year:

- 2020: -0.06%
- 2021: -6.16%
- 2022: -9.82%
- 2023: -0.85%
- 2024: +5.98%



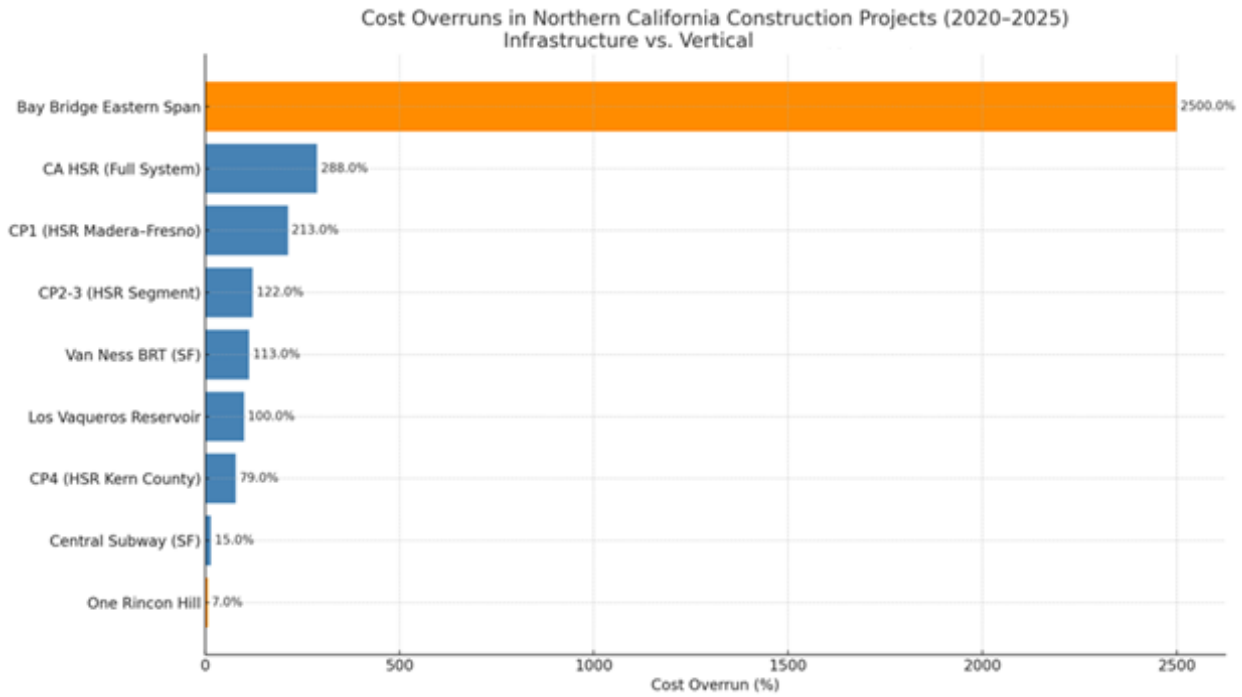
PROJECTED CONSTRUCTION ACTIVITY, HUNGER FACTOR AND BIDDING CONDITIONS

Looking through the end of the calendar year, the current approach of contractors surveyed can be summarized as: bidding more, but not yet cutting margin. Contractors are beginning to broaden their go/no-go selection criteria – both at the general and subcontractor level – in an effort to bolster their backlog. However, this broadened attack-pattern is not yet accompanied by 'sharpened pencils' with more aggressive, lower margin costs.

A review of publicly available bid and change order data for current and recently completed infrastructure costs helps to inform expectations for future bidding conditions. Looking at large infrastructure projects since 2020 it becomes clear very quickly that cost overruns appear to be more likely than not, with almost all projects seeing double digit price increases relative to Prebid estimated amounts. These margins rise as project costs and complexity rise, indicating that the larger the project, the more likely one is to see a significant variance between estimates and contractor bids. These variances have been driven by a host of factors, including the shortages brought on by COVID, but their persistent role in market pricing demands that they be factored in when evaluating and valuing projects.

As backlog continues to dwindle and contractor hunger factor continues to increase we anticipate seeing a degree of reduction in contractor fees and overhead, but a reversion to pre-COVID dynamics is not, at this time, anticipated. Current volatility in materials, international trade and federal policy making will continue to create above average perceptions of risk, regardless of volume, which will continue to lead to higher than average bid pricing at all volume levels.

	FY25 Bid Projects to date (7-29-25)	Bid Opening Date	No. of Bids	Winning Bid	Average Bid	Engineer's Estimate	EE vs W. Bid % Diff	Notes
1	C0705 - West Pipeline Inspection & Rehabilitation Ph. 1 Project	11/13/2024	3	$ 12,488,800	$ 16,526,832	$ 21,827,748	-43%	Awarded
2	C0713 - Security Upgrades & Enhancements Project	11/20/2024	3	$ 2,194,000	$ 3,228,604	$ 3,540,938	-38%	Awarded
3	C0708 - Stevens Creek Evelyn Fish Passage Project	10/16/2024	2	$ 4,852,260	$ 5,273,130	$ 5,320,000	-9%	Awarded
4	C0707 - Permanente and Hale Creek Concrete Channel Repair Project	4/26/2025	7	$ 1,384,450	$ 2,188,469	$ 2,984,504	-54%	Awarded
5	C0716 - South Babb Creek Mitigation Project	6/11/2025	4	$ 1,225,742	$ 1,527,456	$ 1,607,055	-24%	Awarded
6	C0710 - Palo Alto Flood Basin Tide Gate Structure Phase 1	7/2/2025	5	$ 2,782,645	$ 2,942,215	$ 2,468,405	13%	Awarded
7	C0715 -Calabazas Creek Erosion Repair Project	5/27/2025	4	$ 1,148,268	$ 1,204,043	$ 1,241,760	-7.5%	Awarded



LOCAL ECONOMIC OVERVIEW

LOCAL CONSTRUCTION ECONOMY

Santa Clara County covers a large portion of the southern Bay Area and runs from Palo Alto in the north past Gilroy at its southernmost point. and is the most populous county in Northern California and the 10th most populous county in the United States. Because of the size of the area and its proximity to San Francisco it is often evaluated in tandem with wider economic trends that effect the area broadly, but the density of both local construction volume and population necessitates a more tailored, specific approach to evaluating its current and future economic conditions.

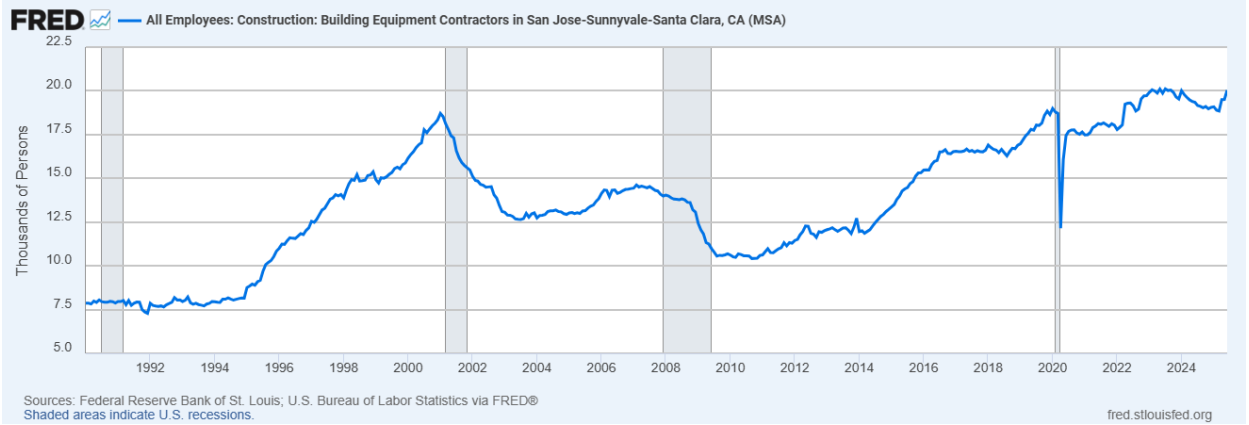
The second half of the 2024 calendar year and the first half of 2025 have been, to a large extent, a continuation of the significant trends that have and will continue to exert a large amount of influence on the pricing environment for construction projects, especially large projects, that were noted in our previous report. National interest rate movement, discussed in greater detail in a separate section of this report, has bucked expectations and have remained unchanged from the levels set in previous years. Though this may change as the current administration has indicated a wholehearted preference for rate reduction, the Federal Reserve has traditionally shown that, if forced to a binary choice, they would prefer mildly detrimental economic outcomes driven by an overly conservative approach to a rapid inflation environment brought on by a more aggressive one. This native orientation, combined with increased concerns about currency health and the outcomes of current federal trade policy, lead to the natural conclusion that as long as the makeup of the leadership of the Reserve stays consistent their approach to the management of national interest rates will as well. These increased rates, as noted in our previous report, have had a significant effect on the broader spending plans of businesses across the country, but none more so from a sector perspective than the technology market to which San Jose specifically and Santa Clara County broadly are so inextricably tied. When rates were originally increased, and then held at increased levels, a wave of staffing reductions and other cost saving measures were triggered across the technology sector that had a measurable effect on the wider Santa Clara County area- so much so that the sector currently accounts for 15% fewer total jobs today than in 2021 (91,500 vs. 108,000).

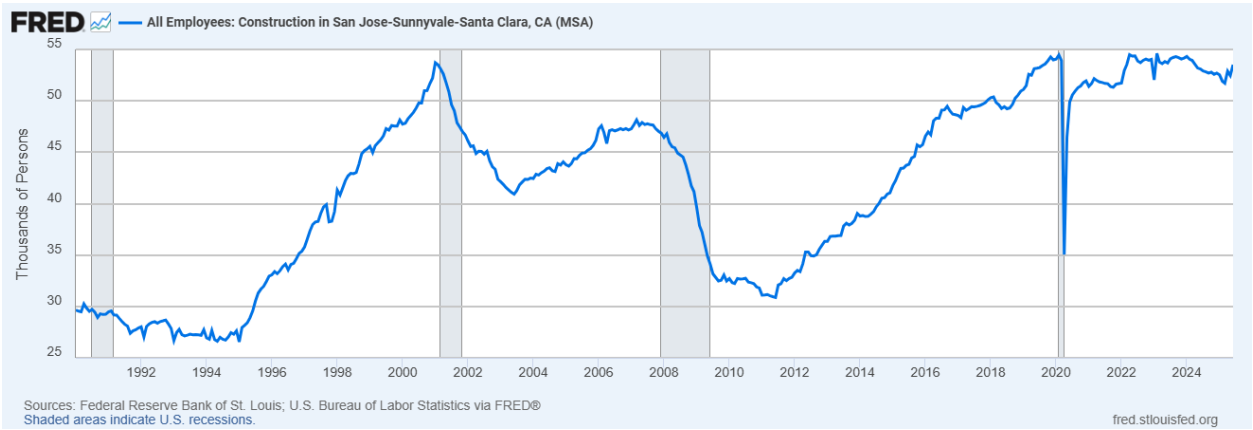
County wide unemployment has increased by roughly 1% year-over-year (YOY), with roughly 5,000 fewer full-time jobs across all sectors from the summer of 2024 to the summer of 2025. At the same time the total labor force for the area has expanded, in large part due to Return to Office (RTO) mandates as the effects of the pandemic continue to wind down, with approximately 5,500 more available workers now than at this time last year. Though this continued decline in total employment is not a positive metric on its own, it should be noted that it's 50% better than the reported unemployment rate at this time last year- indicating a slow, but measurable, return to normalcy. Gains in county Gross Domestic Product (GDP), which is a measure of the total value of the goods and services produced in the area, have seen declines from the recent highs set in 2022/2023 (6.5%) to just over half of that (3.4%) from 2023-2024. Though total GDP figures for 2024 and into 2025 are not yet available, it is anticipated that total growth will once again reflect a decrease from the levels observed in the immediately preceding years. Though this can certainly be perceived to be a long-term positive in terms of helping to moderate growth to a sustainable level from the 30% total growth seen between 2020 and the end of 2023, it is also undeniably indicative of a continuing slowdown in the local economy.

Construction specific labor has likewise continued the trends noted at the end of 2024. From a national perspective, construction labor at all levels- whether that be supervisory, in office or onsite- all continue to see an increasing difficulty in hiring for the construction sector. Surveys done in Q1 of 2025 point to an astonishing 94% of firms reporting difficulties in hiring for trade positions, while those same firms report only slightly fewer difficulties (92%) in hiring for salaried positions. This is a remarkable figure, but is made even more so when one factors in that both of these numbers are roughly 5% above the levels shown in a similar study in 2023. From a Santa Clara County specific perspective, labor based shortages are continuing to exert significant impact on bottom line construction pricing. Continued shifts from vertical construction to more infrastructure/horizontal

projects that were observed beginning in 2024 have altered the trades seeing the worst shortfalls over the last two years, though, and in lieu of carpenters and electricians' local unions are reporting the most significant shortages in the cement mason, plumbers/pipefitter and heavy equipment operator trades at present. These shortages have not been significant enough to stymie the ability to hire market wide entirely, though, and equipment operator positions are currently at an all-time high for the region at just over 20,000 full-time jobs. Across all sectors the market has seen a very slight reduction (-300 full time positions) over the course of 2024-2025, but it is anticipated that most of these reductions are owing to the spending curves of the larger projects undertaken in 2023 reaching their zenith and beginning to trend back down.

It should also be noted that the current federal administration initiative aimed at reducing employment and residency for undocumented persons has the capacity to have a measurable, sustained effect on labor pricing across the county, the wider state and indeed the country as a whole. There are obvious predictable difficulties in getting accurate reporting on the lives, occupations and other day to day realities of the undocumented residents of both the country at large and the county in the specific, but most estimates indicate that somewhere between 13% and 18% of current US construction jobs are currently being filled by undocumented labor. California itself relies on immigrant labor at a much higher rate than other areas in the country, and it is estimated that approximately 40% of the statewide construction labor force are immigrants. Due to factors alluded to above the precise degree of exposure to these policies for California construction labor remains unknown, it is reasonable to expect that federal initiatives will have the net impact of reducing a worker pool that was already insufficient relative to demand.





Distribution of undocumented labor sources is also not universal. While certain trades like elevator installers and electricians have much lower levels of undocumented participation, other trades like laborers, cement installers/finishers and roofers have much higher average levels of workers from these groups. Because of the nature/scope of Valley Water projects and the materials that are most prevalent in them, these changes represent an outsized risk for Valley Water and other major infrastructure owners.

Looking forward in the short term, we can confidently predict that competition for infrastructure specific general and subcontractors will remain relatively tight based on upcoming competing projects (detailed below), with large projects on the horizon set to continue through the early/middle 2030s as currently planned- though material delays and labor shortages are likely to result in project delays. In the medium to long term, we can anticipate a reversion to some of the construction environment and pressures noted in the 2008-2023 years, predicated largely on increased interest in data centers and artificial intelligence. Current projections for the greater San Francisco/San Jose area indicate that based on current trends power consumption is anticipated to more than double between 2024 and 2035- rising from roughly 700mW to over 1,400mW. Anecdotal evidence

supports this, with CBRE reporting lease activity on Data Centers in the greater Silicon Valley region nearly doubling in 2024 from 2023. Nascent interest on the part of the federal government in investing in AI at many levels, combined with the "goldrush" attitude being noticeably observed across most private sector industries, will continue to drive demand in this sector for the foreseeable future.

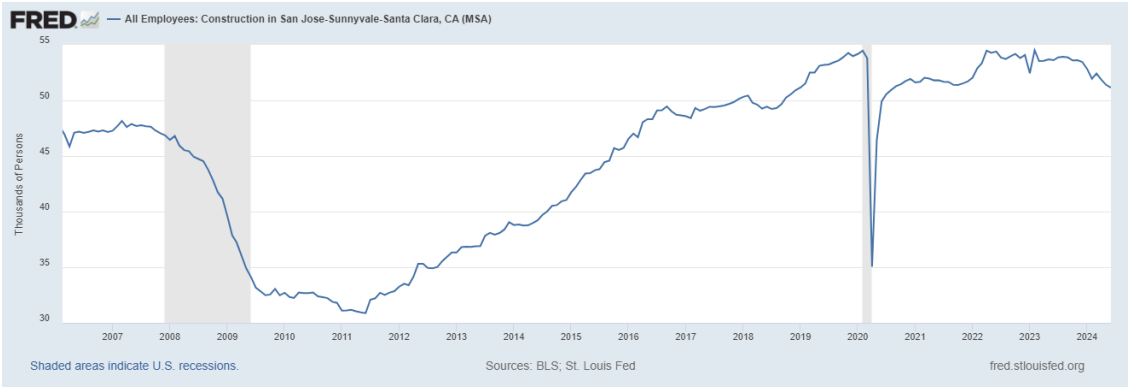
VALLEY WATER COMMUNITY BENEFIT

In addition to the direct benefits to local population provided by the substance of Valley Water projects in the form of new and/or increased utility service and safety, Valley Water projects also provide direct economic benefits to the community in the form of job creation. In order to assist in defining the total number of jobs created, we have taken Valley Water's planned design and construction expenditures over the life of their capital plan and, utilizing average hourly rates, extracted a total number of jobs provided in each sector for each year. In the case of design professionals, research into current average hourly rates for Bay Area designers of different specialties was solicited and averaged, to which we then added additional allowances for company overhead, profit, etc. We then used these rates and average number of hours equivalent to a full time position to determine the total value of a full time design position in the area, and divided the total funds set aside for design by these figures. Our methodology for the extraction of construction positions mirrored this closely with the exception of having pulled the current California Prevailing Wage statutes for the area for applicable positions utilized on Valley Water projects. Though these numbers are not exact, they do represent a reasonable extrapolation of the employment and economic benefits of SCVWD programs. Please see below for a table of positions created by Valley Water Capital Expenditures over the life of the program.

	2025 (Actual)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Design/Planning	145	101	235	84	78	79	11	9	6	2	4	5	3	3	1	1	1
Environmental	78	106	295	98	94	82	13	10	6	1	4	5	0	3	0	0	0
Construction	935	1278	1464	2053	1737	2159	2638	2518	2471	2403	1776	1352	1265	70	127	134	131
Total Jobs Created	1159	1485	1993	2234	1909	2321	2663	2536	2482	2406	1785	1362	1268	77	128	135	132
2024-2025 Delta	-25	-160	-109	-120	-547	-458	240	14	489	700	131	150	1189	-60	-5	-5	41

LOCAL INTERVIEWS

Deceleration in the decline of total construction positions has been observed since our last report, with total construction positions declining by 500 over the period vs. 2000 from the period before. Continued shifts to public and infrastructure-based projects have been observed and are anticipated to persist, with shortages of operating engineers and heavy equipment potentially becoming acute in the last two (2) years of the decade. If and when private sector interest rate reductions are achieved it is anticipated that the sectors that have seen the smallest growth of late, namely specialty contractors, will begin see immediate growth. Should this occur concurrently with a multibillion-dollar, county wide infrastructure investment cycle the effects on local construction labor absorption are likely to be drastic.



LOCAL PROJECTS- VERTICAL CONSTRUCTION

Though overall private sector construction across the greater Northern California submarket has continued to see lackluster growth as a whole over the last 12 months, certain subsectors have seen a reinvigoration in current and future anticipated activity. The technology sector, which was the single largest contributor to the decline in office construction in the market over the last two (2) years, has seen significant growth in both current and future planned data centers in the area driven by expectations regarding the required computing power for artificial intelligence applications. This reversal has been stark, so much so that seven (7) of the top ten (10) largest vertical construction projects currently planned or underway are data center projects. This growth in specific technology project types is anticipated to be indicative of broad swaths of future demand dynamics wherein technology companies will eschew large, amenity driven office projects in favor of projects that can be more directly and immediately tied to revenue/customer service offerings.

With the notable exception of multifamily residential construction, which currently enjoys a robust pipeline of current and potential projects, most other vertical, private sector project subsectors are forecasted to continue to see declines in overall volume until interest rates become more favorable for building at profit. Nevertheless, total volume for the area remains considerable with over $6bil. in total vertical building projects either underway or in design/procurement- though it should be noted that of that total, approximately $1bil. is represented by projects in the design/procurement stages. This curve is further reflective of the reality that although the greater market continues to see vertical project starts, the pace and size of these opportunities is on the decline.

Santa Clara County Current Vertical Construction Projects

Project Name	Stage	Type	Valuation
Kaiser Permanente Medical Center - Utility Plant	Construction	Parking Garage/CUP	$658,673,731
SCVMC Behavioral Health Services Center	Construction	Hospital/Bridge	$388,376,000
Stack Trade Zone Park Data Center Expansion	Construction	Data Center/Office	$375,000,000
SVY03 Data Center 60 MW - Santa Clara CA	Construction	Data Center/Office	$300,000,000
Office/R&D/Manufacturing Buildings/Parking Garage	Construction	Office Campus	$295,000,000
Hangar One Restoration	Construction	Aircraft R&D	$200,000,000
Edgecore SV02 Data Center Building 2	Construction	Data Center	$170,000,000
Coresite SV9 Data Center	Construction	Data Center	$150,000,000
Edgecore SV01 Data Center 36 MW Bldg 1	Construction	Data Center	$150,000,000
Equinix Data Center SV-18	Construction	Data Center	$136,541,664

LOCAL PROJECTS- HORIZONTAL CONSTRUCTION

Standing in stark contrast to the vertical sector, the horizontal market in the Santa Clara County area has seen an astounding 5x growth in total current/future planned infrastructure over the last twelve (12) months- rising from $3bil. as of our last report to just under $15bil. as of the date of this report. Almost $9bil. of this is being driven by two projects including the $6.5bil. planned BART expansion and Valley Waters' upcoming renovation of the Pacheco Reservoir, but even if these were to be removed the area would have seen project volume in the horizontal sector double year over year from $3bil. to $6bil. It should also be noted that these totals almost certainly leave out both certain projects, as most of the Anderson Dam project isn't included in the total, and are reflective of now eclipsed project cost totals. This is to say that although the total volume for the sector is significant, it is likely in reality to be larger than is currently reported. In another reversal of the realities in the vertical sector, projects in the horizontal sector that are currently in construction total $2.7bil. while those still in development total approximately $12bil.- further indicating a need to plan for competition when procuring large infrastructure projects.

Santa Clara County Current Heavy Civil Construction Projects

Project Name	Stage	Type	Valuation
Diridon Station Redevelopment	Pre-Design	Railroad	$6,500,000,000
Pacheco Reservoir Expansion	Pre-Design	Water Treatment Plant	$1,996,000,000
Kaiser Permanente Medical Center - Utility Plant	Construction	Parking/Utilities	$658,673,731
Confidential Office	Construction	Heating/Cooling Plant	$295,000,000
BART Silicon Valley Ph II Ext Tunnel & Trackwork	Construction	Hazardous Abatement	$235,000,000
VA Palo Alto Utility Renovations	Pre-Design	Utilities	$225,000,000
Upper Guadalupe River I-280 to Blossom Hill	Pre-Design	Roads/Paving	$176,618,000
Anderson Dam Tunnel Project	Construction	Water Supply Water Line	$168,000,000
Digested Sludge Dewatering Facility Project	Construction	Sewage Treatment Plant	$164,000,000
Mary Avenue Extension	Construction	Roads/Paving	$163,000,000

EXPECTED FUTURE BIDDING CONDITIONS

From a bidding perspective, the lessening in frequency and magnitude of vertical construction opportunities should serve as positive influence on Valley Water construction priorities in the near and medium term. Of the two (2) large General Contractors surveyed for this report both reported lower than typical or desired backlog numbers (roughly 2/3 of typical levels), as well as that their project procurement teams were increasingly focusing on public projects, including utility and infrastructure, as a means for balancing out their medium-term planning. These same contractors shared that their subcontracting partners were similarly motivated, and that their average number of subcontractor bids on projects had increased significantly from last year to now (2 to 4-5 on average). This is anecdotally borne out across the entirety of the market as multiple AGC surveys point to an increasing flight to public and horizontal construction as a method of keeping crews active until vertical construction becomes a more attractive prospect for owners, and the same contractors surveyed both shared that they'd seen a considerable uptick in interest from peers in the same projects that they themselves were beginning to pursue.

Due to the size and complexity of Valley Water projects small contractors are not likely to often bid projects as a general contractor, and of those recently contacted most were reluctant to bid projects of that type. Reservations typically include insurance and bonding requirements, ability to successfully complete projects of that size/complexity, and the ability to maintain financial and project records that would comply with Valley Water standards and practices. There are different potential options that could somewhat ameliorate these reservations and encourage more bidding activity, including more intensive outreach to small and disadvantaged area contractors on smaller projects, the encouragement of mentor/mentee arrangements between large and small businesses, and increased requirements for small business participation on contracting teams. However, given both the constraints previously noted above and the reality that given constraints in economies of scale small businesses cannot generally price their projects at the same margins as their larger counterparts this path is not likely to be a significant driver of change in Valley Water value for money in terms of construction service procurements.

From a design perspective small and medium sized businesses will constitute a more viable vendor source, but these types of projects are not often the focus of smaller design studios and, as such, are not typically pursued. Small firms that are currently doing design work for Santa Clara public agencies, e.g. RRM Design Group, do not have experience in Valley Water's typical project types, nor the resources to acquire them, and as such do not pursue these types of opportunities no matter the size. This is potentially a conquerable challenge, though, as most design professionals spoken with did not have an accurate view of the total breadth and depth of the Valley Water project portfolio. A more concerted outreach to small and medium sized design groups, potentially through an industry day or similar event, with the goal of introducing them to smaller, more approachable Valley Water opportunities that would facilitate an eventual comfort level could, in the long term, produce a viable crop of these types of firms that are both capable of performing and willing to bid on future projects. Unlike purveyors of built services, the lack of requirement to purchase large amounts of external materials to provide services allows these firms to price their activities in line with their interest working on a particular job or with a particular client. Given that Valley Water is often a procurer of very large projects these firms, if they can be made to feel comfortable with their ability to perform, can and will price their efforts at or below their larger counterparts when they pursue.

LOCAL ESCALATION SUMMARY

The continued proliferation of projects that directly compete with Valley Water construction priorities, e.g. BART, along with current project delays, represent the most significant factor driving costs forward in the area over the short term. Shortages in trades prevalent in these projects have been noted for some time, but the acceleration of project development in the sector has exacerbated these longer-term issues and, combined with high levels of absorption in other parts of the state, are combining to create a potentially dramatic, short-term uptick in commanded wages. The reversal of the Federal Reserve's position on interest rates, which is anticipated to occur at some point in the next 12 months, will almost certainly serve to renew private sector interest in capital expenditures, which will remove the major factor serving to moderate volume to a level sufficient for labor to service it. As increasing investments into artificial intelligence come to fruition it is also anticipated that this will lead to large construction needs, both in terms of buildings/data centers and in terms of supporting infrastructure like electrical supply. Materials pricing, which had seen declines over most of 2024, has reversed and is once again trending near all-time highs- largely predicated on both real and perceived effects of federal trade/tariff policy. Current geopolitical conflicts in the Eastern European and Middle East have the capacity to exert major influence on domestic energy pricing and given the nature of Valley Water projects and their degree of utilization of heavy equipment these represent an additional risk item that bears monitoring. From an overall perspective, we predict a slight (.5%) increase in the projected Valley Water

escalation rates relative to expectations at this time last year, driven largely by increased concerns about labor availability and material price spikes.

ESCALATION OUTLOOK						
Year	***FY27***	***FY28***	***FY29***	***FY30***	***FY31***	***FY32-41***
Construction Cost Escalation Rate	5.25%	5.55%	5.85%	6.25%	5.75%	5.15%

LOCAL CONSTRUCTION WAGES

The San Jose/Santa Clara market, like its adjacent Bay Area counterparts and other metropolitan parts of the state, typically sees wage rates that well exceed national averages. It should be stressed, however, that these rates constitute a wage base more than an actual or "effective" wage rate, and that in times or areas where construction volume outstrips the ability of the surrounding population to staff it wage premiums become a necessary component in order to entice skilled workers in large numbers. Due to the presence of these conditions, published wage rates are often exceeded in the Santa Clara market.

These factors will be particularly salient over the balance of 2025 and through 2026 as area workers are lured to Los Angeles to assist with rebuilding from the Pacific Palisades fire earlier in the year, which is anticipated to raise wages by as much as 30% in the short term. Though this poses less of an issue due to the types of projects Valley Water procures and manages, it is still worth bearing in mind as one contemplates the likelihood of wage premiums in the near term.

Current Santa Clara County Construction Wages, Infrastructure

Trade	Wage	Fringe	Total
Ironworker	$55.33	$35.52	$90.85
Cement Mason	$47.00	$29.81	$76.81
Carpenter	$64.01	$35.01	$99.02
Laborer	$37.97	$29.91	$67.88
Operating Engineer (Heavy Highway)	$66.12	$33.50	$99.62
Operating Engineer (Pile Driver)	$66.12	$33.50	$99.62
Operating Engineer (Underground)	$62.62	$33.50	$96.12
Operating Engineer (Steel Fabrication)	$66.75	$33.50	$100.25
Electrician	$100.25	$47.46	$147.71
Chief Field Surveyor	$62.05	$34.53	$96.58
Plumber (Underground)	$34.51	$36.36	$70.87

RECENT TRENDS

US national material pricing post COVID has been, in a word, volatile. After seeing significant increases from 2020 through 2022, largely predicated on upward pressure on metals, concrete and MEP components, price increases began to stabilize in 2023 and, to a great extent, pushed sideways over the course of the next two years. Periodic increases in 2023 and 2024 have consistently regressed to the newly established mean, which at the end of 2024 was roughly 9% below the high reached at the end of 2022.

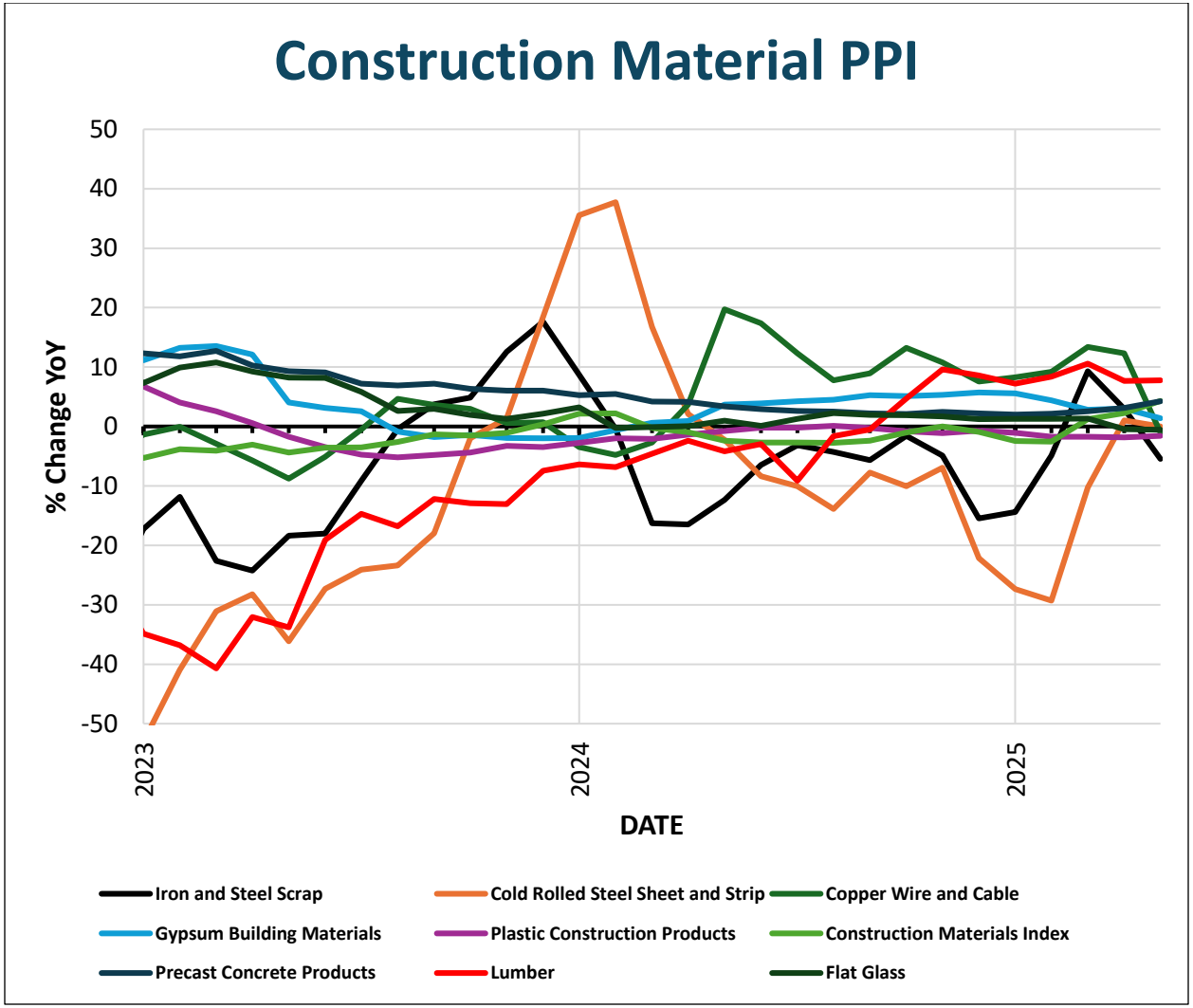
TARIFFS & VOLATILITY

2025, in contrast, has seen a resurgence in pricing increases, largely due to nascent federal trade-based policy decisions. Though future forecasted policy has yet to stabilize, the reintroduction of tariff policies at the start of the year have both given more power to domestic producers and decreased the confidence of the contracting and ownership communities, which has led to rapid increases in material absorption as project teams race to buy ahead of future perceived price increases. These conditions in tandem have correlated to a relatively large uptick in construction material costs since the beginning of the year, and increases year-to-date (YTD) have totaled 3%, or 30% of the total decrease from the peak in late 2022. Announcements in mid-May regarding suspensions of most of these policies have resulted in a temporary cooling of concerns about short term, substantial price increases, but nationwide the contracting community is still pricing a fair amount of risk into estimates and total project costs have, on average, increased roughly 3.5-5% YTD.

Share of US imports	Share of Imports	Total Proposed Tariff, June 2025
European Union	18.50%	20%
China	13.40%	55%
Japan	4.50%	24%
Vietnam	4.20%	46%
South Korea	4.00%	25%
Taiwan	3.60%	32%
India	2.70%	26%
UK	2.10%	10%
Switzerland	1.90%	10%
Thailand	1.90%	36%

Material PPI	1 Month	3 Months	12 Months	24 Months
Air Conditioning and Refrigeration Equipment	1.92%	2.65%	2.20%	4.92%
Machinery and Equipment: Motors, Generators	-0.12%	-0.06%	5.46%	9.77%
Cold Rolled Steel	9.39%	23.60%	0.84%	2.95%
Copper Wire and Cable	4.95%	11.84%	12.18%	16.29%
Iron and Steel Scrap	-7.86%	5.50%	3.00%	-13.98%
Flat Glass	-1.87%	-1.67%	-0.44%	-0.36%
Gypsum Products	-0.37%	0.44%	-5.85%	-2.23%
Precast Concrete	0.56%	1.65%	3.14%	7.39%
Ready-Mix Concrete	0.23%	-0.11%	1.66%	9.02%
Plastics Construction Products	0.58%	-0.60%	-1.87%	-3.20%

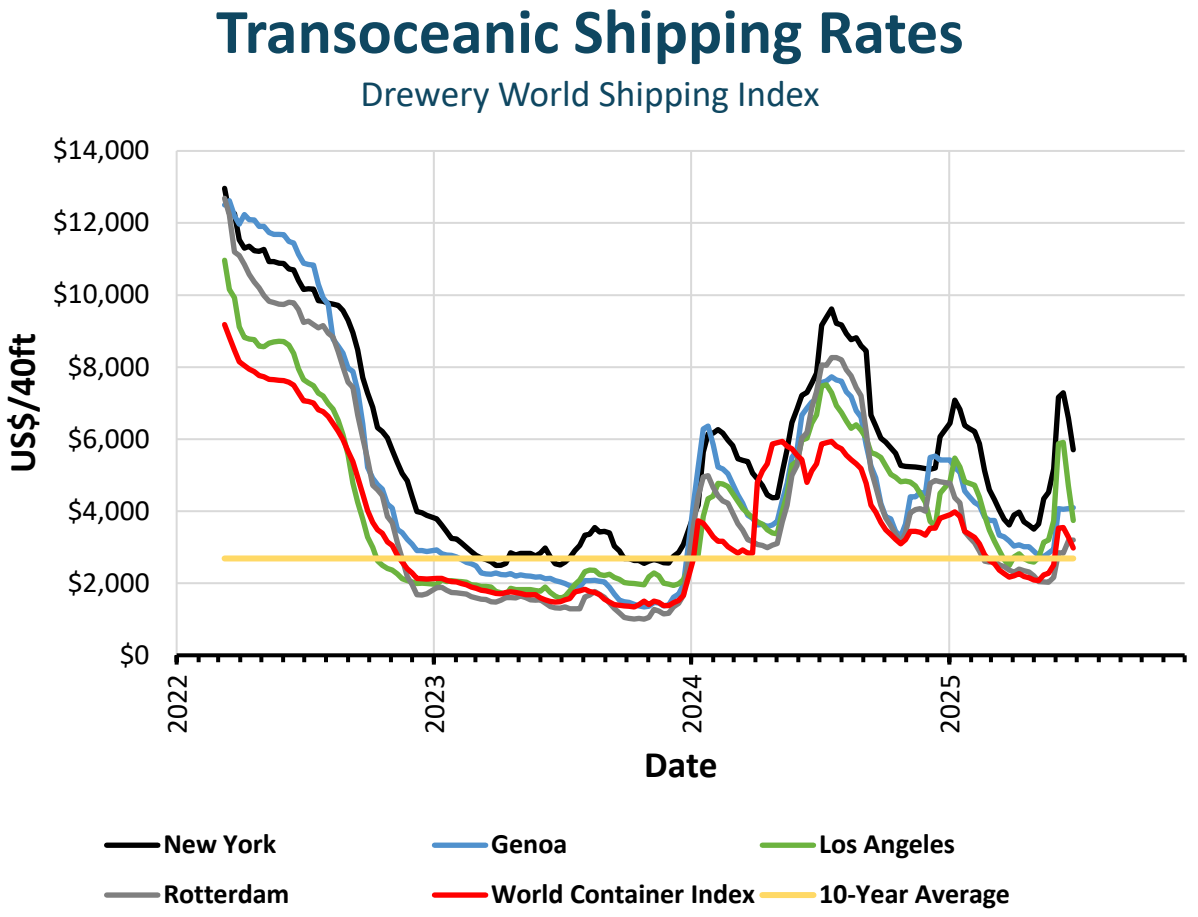
Looking forward, continued apprehension regarding US trade policy and the possibility for correlated disruptions to the supply chain is anticipated to continue to exert upward pressure on most materials, with particular emphasis on steel, lumber and MEP products. Reductions in federal sustainability initiatives may provide some relief within the mechanical, electrical and plumbing sectors, particularly in copper wire and other products associated with increased electrification efforts, but the reality of construction pricing is that it is as much based on perceptions of future conditions as it is on current facts and figures, and until a greater degree of confidence regarding the short and medium term policy environment can be had construction material premiums should be an expected component of market pricing. More narrow expectations for US tariff policy at the beginning of 2025 had translated to a roughly 4% increase in the total cost of construction projects to date as summarized by several large general contractors, but should trade policy be affected on a wider scale, which is to say beyond the initial targets discussed like Canada, Mexico and China to a more comprehensive strategy that affects relationships with all or most US trade partners, this premium is likely to become more pronounced.



SHIPPING COSTS

International shipping costs, which played a significant role in the growth of construction pricing during COVID, have seen a tremendous decline in the intervening period. The rate to ship a 40' container, which is the benchmark rate for shipping costs, swung from under $2,000/each in 2020 to just over $12,000/each by 2022 before beginning to decline. This increase was predicated on a number of factors including shortages of port personnel, fuel cost increases and a lack of sufficient boats in the water to accommodate demand. Several of these predicated costs have declined in the years since, however, and this has led to a noticeable decrease in shipping costs. Energy and fuel costs, which saw marked increases during COVID, have been in decline since 2023 and show no signs of reversal – and in fact are likely to continue to see decline in the next two (2) fiscal years. The number of boats in the water, according to WorldPorts.org, has increased by almost 10% over the same period, which has translated to a growth of almost 1.5M 40' container berths. These factors in tandem help to explain the downward trend of shipping costs, which, in the US, are currently sitting at roughly $2,900/each.

It should be noted that current pricing (see red line for World Index) includes an almost 38% spike in costs in since March in response to rising costs and risks associated with conflict in the middle east. These have declined in the wake of temporary easing of tensions. Should conflict re-ignite in the region, it would be prudent to expect a reversion to the upward trend previewed between March and June.



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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-20

APPROVING THE CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2027-2031 FIVE-YEAR PLAN

WHEREAS, the Santa Clara Valley Water District (Valley Water) has determined that it is in its best interest to prepare a Capital Improvement Program (CIP) Five-Year Plan and to have it reviewed by the County of Santa Clara and cities having land use jurisdiction within Santa Clara County; and

WHEREAS, the Valley Water Board of Directors was provided with the CIP Draft Fiscal Years (FY) 2027-2031 Five-Year Plan for review and discussion at its meeting held on March 10, 2026; and

WHEREAS, on March 11, 2026, the CIP Draft FY 2027-31 Five-Year Plan was provided to the County of Santa Clara and all cities within Valley Water's jurisdiction, for their review; and

WHEREAS, Valley Water staff conducted subsequent meetings with public works staff at the City of Santa Clara regarding the CIP Draft FY 2027-31 Five-Year Plan; and

WHEREAS, on April 28, April 29, and May 12, 2026, Valley Water conducted a public hearing for purposes of receiving input with regard to the CIP Draft FY 2027-31 Five-Year Plan; and

WHEREAS, on May 12, 2026, the Valley Water Board of Directors directed staff to include appropriate changes to finalize the CIP FY 2027-31 Five-Year Plan by June 30, 2026.

NOW, THEREFORE BE IT RESOLVED that Valley Water's Board of Directors does hereby approve the Capital Improvement Program FY 2027-31 Five-Year Plan.

PASSED AND ADOPTED by the Santa Clara Valley Water District Board of Directors by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

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Capital Improvement Program

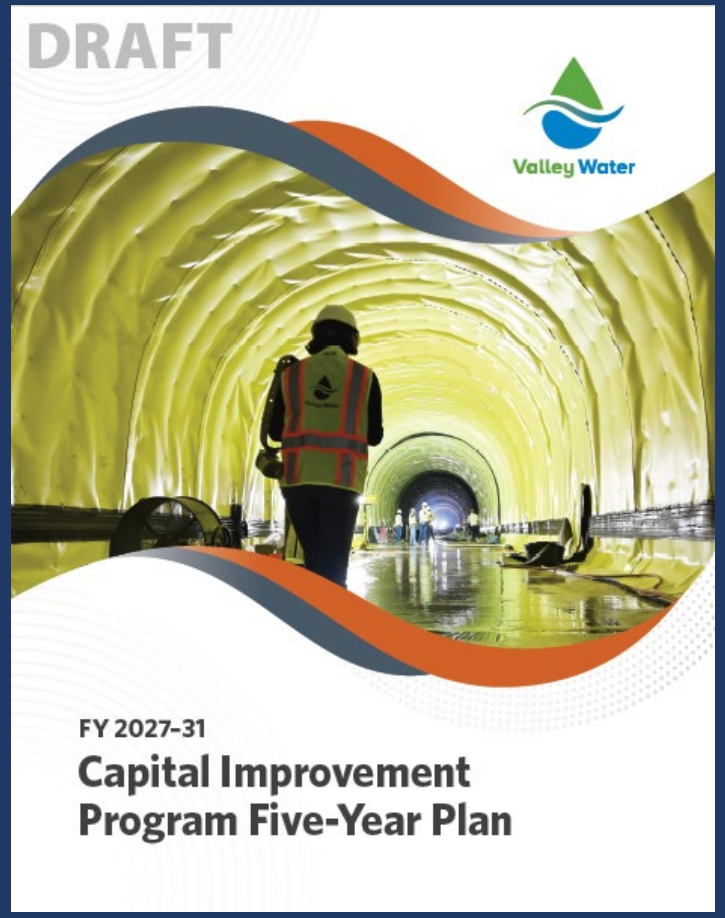
Final Fiscal Years 2027-31 Five-Year Plan

Presented by:
Jessica Collins, Unit Manager – Business Planning and Analysis

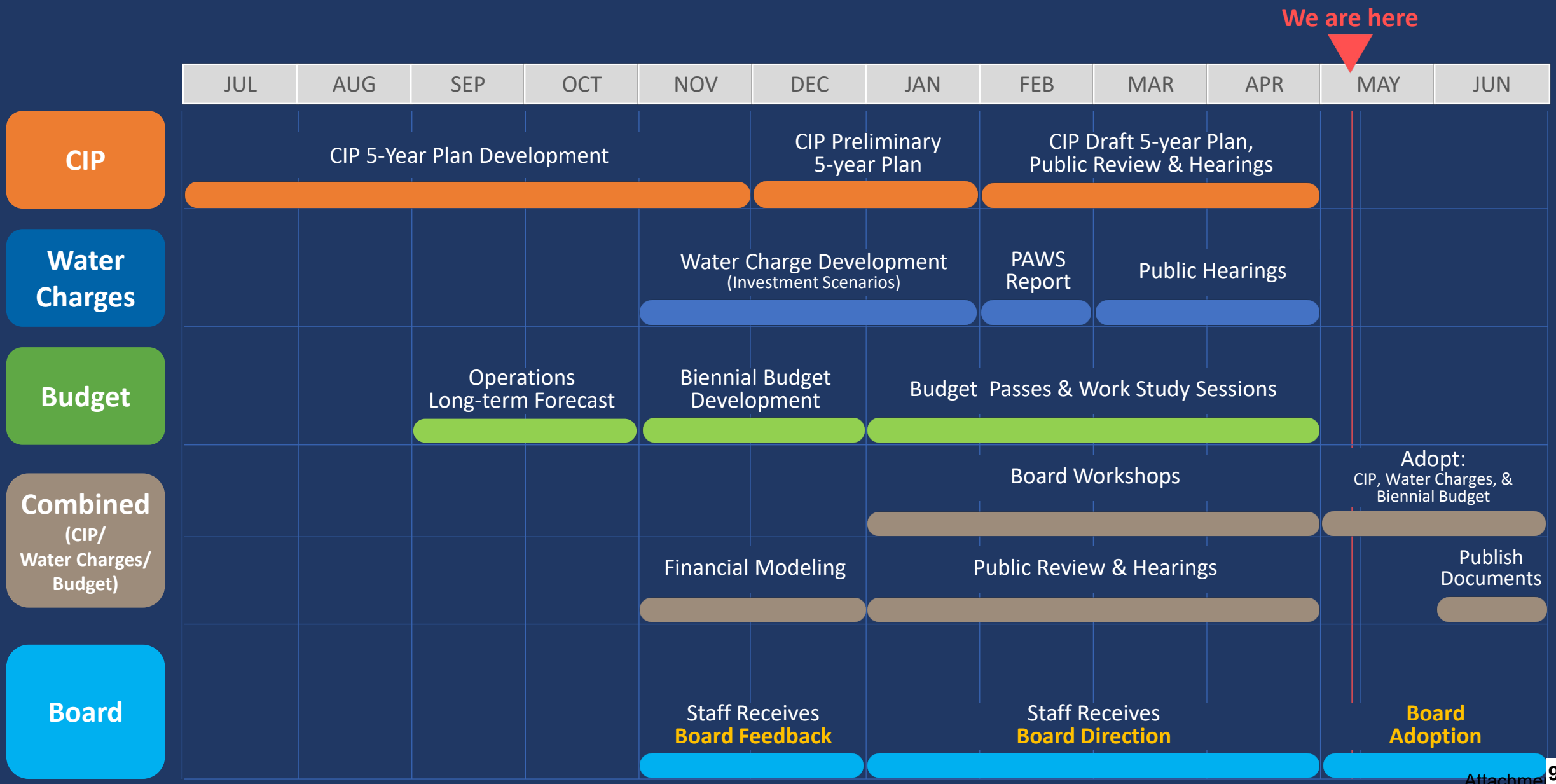
Valley Water

Presentation Outline

1. Annual CIP 5-Year Plan Development
   A. CIP Final FY 2027-31 Five-Year Plan
      1) Expenditure Projections
      2) Project Plan Updates Summary
      3) Investing in the Community
      4) Overview by Type of Improvement
      5) Leveraging External Funding
      6) Projects Planned for Closure
2. Next Steps



Annual CIP, Biennial Budget & Water Charges Development Timeline



Annual CIP 5-Year Plan Timeline

We are here

Capital Improvement Program 5-Year Plan

Evaluation Team	Preliminary	Draft	Final
Jul-Nov	Dec-Jan	Feb-May	Jun

- Initially Validated Projects
- Cost-Benefit Analysis
- Capital Project Plan Updates

Funding Filters for Prioritization

FINANCIAL ANALYSIS WORKSHOPS

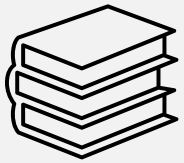
Evaluation Team Recommendations
- A. New Projects
- B. Funding Sources
- C. Projects for Removal

Staff Receives **Board Direction** (B)

Public Review & Hearings

Board Adopts CIP 5-Year Plan (B)

Publish CIP Final Five-Year Plan



F CIP Committee and/or Board Feedback; 10/20; 11/12; 12/15

B Key Decision Points for Board; 1/13; 5/12

Expenditure Projections

Expenditure Projections

Construction Cost Escalation Factors:

ESCALATION OUTLOOK						
Year	***FY27***	***FY28***	***FY29***	***FY30***	***FY31***	***FY32-41***
Construction Cost Escalation Rate	5.25%	5.55%	5.85%	6.25%	5.75%	5.15%

Operations and Maintenance (O&M) Cost Forecast Revisions:

1. Capital projects impact future O&M forecasts.
2. Projections are regularly reviewed and updated.
3. Project managers utilize projections during long-term forecasting.

Project Plan Updates

Project Plan Updates

Project plan updates incorporated after release of CIP Draft FY 2027-31 Five-Year Plan:

1. Upper Llagas Creek Flood Protection Project (E6) (26174055): The project is currently under construction and ahead of schedule due to the mild 2026–27 winter. As a result, the FY26 construction budget has been fully expended, and a budget adjustment was required to advance expenditures originally planned for future fiscal years. The total project cost remains unchanged, and no additional scope has been added.

*For detailed explanations for all changes, see Attachment 3.

Administrative Project Plan Updates

Budget Reconciliation:

1. Planned expenditures for the Five-Year Plan have been reconciled and aligned with the proposed budget.

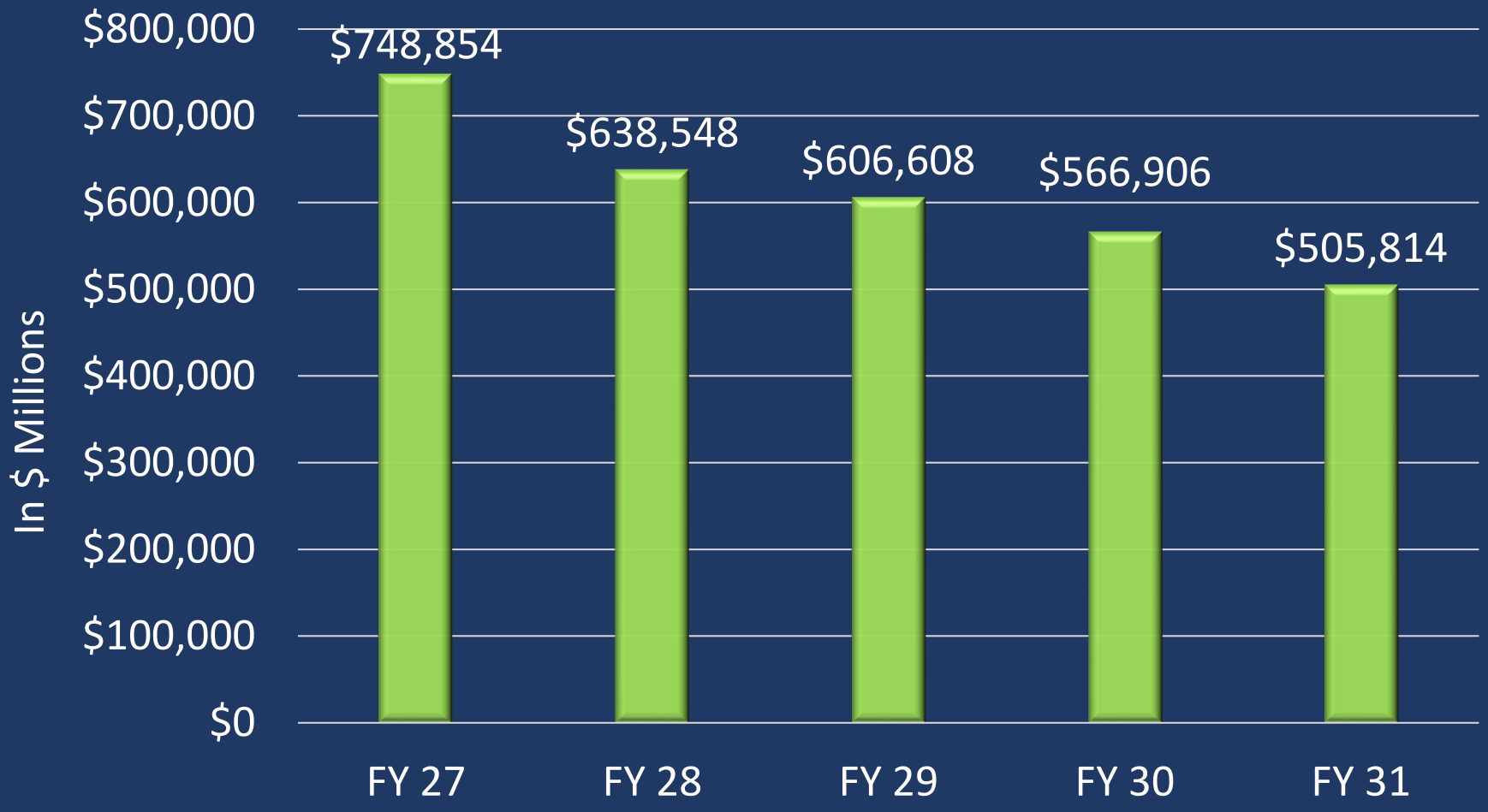
Small Capital Improvement Projects Forecast Revisions:

1. 91214010s San Felipe (Reaches 1-3)
2. 92764009 Raw Water Transmission
3. 94764006 Treated Water Transmission
4. 93764004 Water Treatment
5. 60204016 Facility Management
6. 73274008 Software Upgrades & Enhancements
7. 95274003 Water Utility Network Modernization

Investing in the Community

Investing in the Community

ANNUAL CAPITAL PLANNED EXPENDITURES

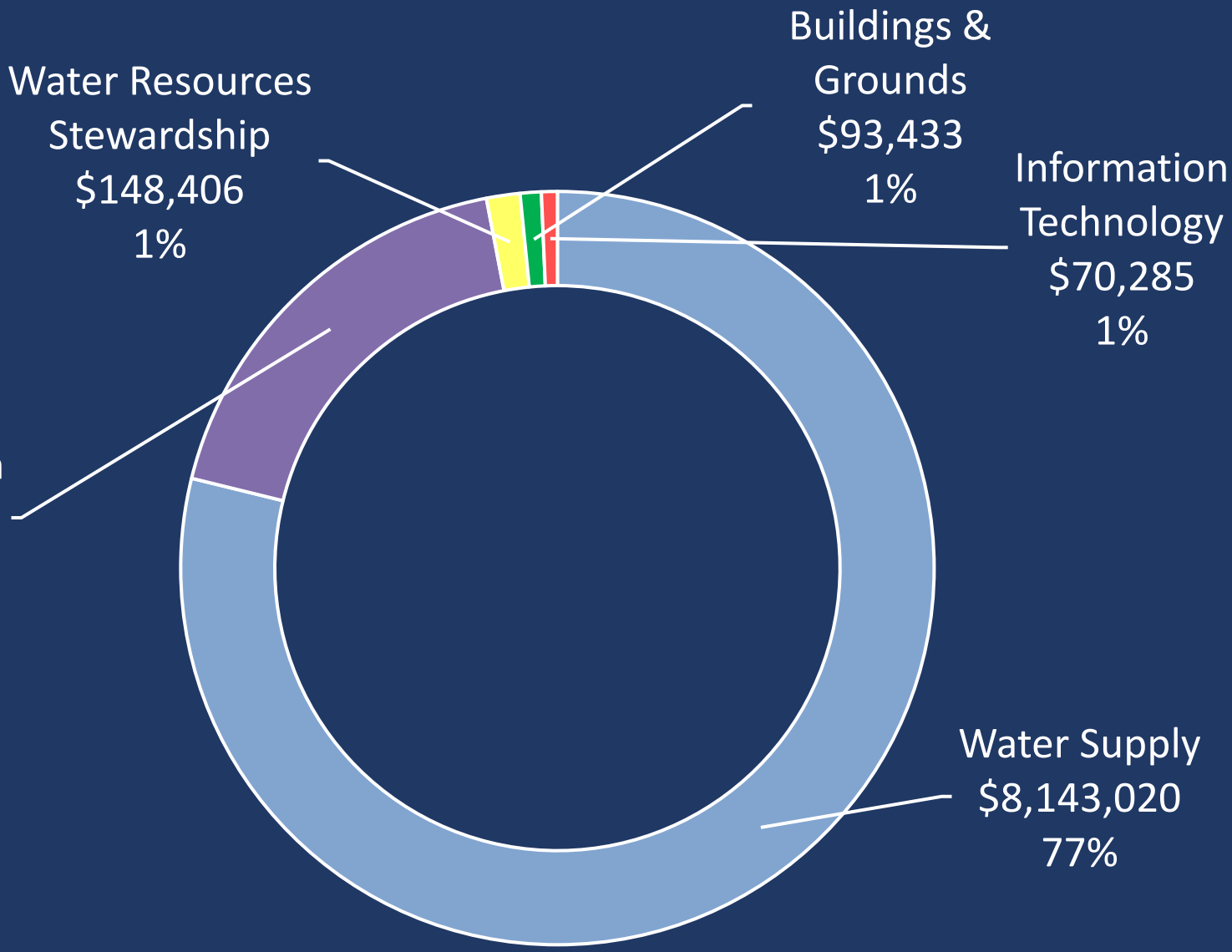


Overview by Type of Improvement

Investing in the Community

FY 2027-31 FIVE-YEAR PLAN TOTAL PROJECT COST* BY TYPE OF IMPROVEMENT

(Values in thousands $)



*Total project cost includes prior year actuals and future planned expenditures.

Overview by Type of Improvement

CIP Final FY 2027-31 Five-Year Plan

Water Supply

42 projects

$8.14B

Water Resources Stewardship

12 projects

$148M

Flood Protection

13 projects

$1.87B

Buildings and Grounds

3 projects

$93M

Information Technology

3 projects

$70M

- Projects that fall into multiple categories are only counted once.
- Totals are rounded and include prior-year actuals and future planned expenditures.

Summary of Project Costs by Type of Improvement*

CIP Final FY 2027-31 Five-Year Plan

Type of Improvement	Appropriated/ Actuals thru FY26	Remaining Cost to Completion	Total Project Cost (TPC)
Water Supply	$1.891B	$6.252B	$8.143B
Flood Protection	$1.129B	$745M	$1.874B
Water Resources Stewardship	$49M	$99M	$148M
Buildings and Grounds	$24M	$69M	$93M
Information Technology	$4M	$66M	$70M
Totals:	**$3.097B**	**$7.232B**	**$10.33B**

*Totals are rounded and include prior-year actuals and future planned expenditures.

Leveraging External Funding

Leveraging External Funding – Capital Reimbursements

CIP Final FY 2027-31 Five-Year Plan

Reimbursements anticipated to be received between FY 2027-31: ~$119.6M

1. Grants and Agreements: ~$119.6M*

*Does not include pending grant applications: ~$49.1M

Leveraging External Funding – Secured Grants & Agreements

CIP Final FY 2027-31 Five-Year Plan

FY 2027-31 Secured Grants and Agreements: ~$119.6M

1. San Benito Water District Reimbursement Agreement

A. ~$5.5M - San Felipe Small Caps Improvements, Reach 1

3. National Resources Conservation Service

A. ~$60M – Upper Llagas Flood Protection, Phase 2B

4. State Subvention Reimbursement

A. ~$200K - Upper Llagas Flood Protection

5. City of Morgan Hill

A. ~$4.6M - Upper Llagas Flood Protection

6. San Francisco Bay Restoration Authority Grant

A. ~$28.7M - San Francisco Bay Shoreline

7. State Coastal Conservancy Grant

A. ~$22K – San Francisco Bay Shoreline, EIA 11 (Reaches 1-3)

B. ~$7M – San Francisco Bay Shoreline, EIA 11 (Reaches 4-5)

8. State Subvention Reimbursements

A. ~$13.6M – San Francisco Bay Shoreline

*Note: See Appendix A of the CIP for a complete list of Planned Capital Reimbursements.

Leveraging External Funding – Grant Applications Submitted

CIP Final FY 2027-31 Five-Year Plan

Pending Grants Applications: ~$49.1M

1. **Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant**
   A. ~$25.1M – Sunnyvale East and West Channels Flood Protection Project
2. **Department of Water Resources (DWR) Dam Safety and Climate Resilience Local Assistance Grant**
   A. ~$24M – Anderson Dam Stage 2 Diversion System Project
   B. Amount may be updated with re-submission under Proposition 4

Seeking Funding Opportunities (Ongoing)

- State and Federal Grants
  - Federal Nexus
- Local and Regional Grants
- Non-profits and Foundations
- Corporate Donors

Projects Planned for Closure/ Removal from the CIP

Projects Planned for Closure

Five (5) projects in the Board Adopted CIP FY 2026-30 Five-Year Plan are anticipated to be completed and/or closed out by June 2026, as listed below:

1. Coyote Percolation Dam Replacement (91864009)
2. Pacheco Reservoir Expansion (91954002)
3. South County Recycled Water Pipeline, Short-term Phase 2 (91094010)
4. San Francisco Bay Shoreline, EIAs 1-4 (E7) (26444002)
5. Hale Creek Enhancement Pilot (D6) (26164001)
6. San Francisquito Creek Flood Protection (E5) (26284002)

*(**NOTE**: The projects listed above are planned for closure but will remain in the CIP Final FY 2027-31 Five-Year Plan to allow for close-out reporting of FY 2026 actuals. The projects will be removed from the CIP FY 2028-32 Five-Year Plan unless a project plan update occurs necessitating an extension of the schedule.)*

Board Actions and Next Steps

1. Direct staff to incorporate the identified changes to the CIP Draft FY 2027-31 Five-Year Plan and finalize the CIP FY 2027-31 Five-Year Plan by June 30, 2026;
2. Adopt the Resolution APPROVING THE CAPITAL IMPROVEMENT PROGRAM FINAL FISCAL YEARS 2027-31 FIVE-YEAR PLAN; and
3. Staff will publish the Board approved CIP Final FY 2027-31 Five-Year Plan by June 30, 2026.

CIP Five-Year Plan Available Online

SCAN THE QR CODE:

Or visit this website:
delivr.com/24wqn

END OF PRESENTATION

Questions & Answers

Valley Water

Clean Water • Healthy Environment • Flood Protection

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City of Santa Clara
The Center of What's Possible

Community Development

April 16, 2026

Melanie Richardson, Interim CEO
Valley Water
5750 Almaden Expressway
San Jose, CA 95118
Via Email: mrichardson@valleywater.org

Re: Review of Santa Clara Valley Water District's Draft FY 2027-31 Capital Improvement Program

Dear Ms. Richardson:

Thank you for the opportunity to review the Santa Clara Valley Water District draft 2027-2031 Capital Improvement Program (CIP). Based upon the information presented by Valley Water staff to the City of Santa Clara on April 10, 2026 we believe the Valley Water CIP appropriately prioritizes and focuses resources to meet needs within our community consistent with the Santa Clara 2010-2035 General Plan. This conclusion is based on an assessment of the projects outlined in the Draft CIP, compared to the relevant Goals and Policies in the Santa Clara 2010-2035 General Plan.

We look forward to working with Valley Water on the implementation of the CIP. Please feel free to contact me if you have any questions or comments at (408) 615-5670 or AHamid@SantaClaraca.gov.

Sincerely,

Afshan Hamid Digitally signed by Afshan Hamid Date: 2026.04.17 12:10:29 -07'00'

Afshan Hamid
Community Development Director

cc: Craig Mobeck, Director of Public Works, City of Santa Clara
Lakshmi Rajagopalan, Assistant Director of Community Development
Mike Liw, Assistant Director of Public Works

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File No.: 26-0371

Agenda Date: 5/12/2026
Item No.: 3.5.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt Resolutions Setting Increased Groundwater Production, Raw Surface Water, Treated Water, and South County Recycled Water Charges for Fiscal Year 2026-2027.

RECOMMENDATION:

A. Adopt the Resolution DETERMINING GROUNDWATER PRODUCTION CHARGES FOR FISCAL YEAR 2026-2027; and
B. Adopt the Resolution DETERMINING RAW SURFACE WATER, TREATED WATER, AND SOUTH COUNTY RECYCLED WATER CHARGES FOR FISCAL YEAR 2026-2027.

SUMMARY:
The Santa Clara Valley Water District (Valley Water) annually considers adjusting the water charges necessary to provide a reliable water supply to Santa Clara County. Pursuant to Section 26.6 and 26.7 of the District Act, an annual public hearing is held before the Board on or before the fourth Tuesday of April to consider whether or not to levy a groundwater production charge, i.e., a charge on pumping groundwater. For surface water charges, the rate setting process is set forth in Board Resolution 12-10 and includes a formal protest procedure. If written protests are filed by a majority of affected surface water operators or property owners, the surface water charge for that zone will not be increased.

On April 14, 2026, the Board opened the public hearing on the proposed groundwater production charges, surface water charges, and recycled water charges for Fiscal Year 2026-27; the public hearing continued at a special board meeting held on April 22, 2026, and again at a regular board meeting on April 28, 2026. Public comments were accepted at all three meetings, and the public hearing was closed April 28, 2026, before adjourning the board meeting.

Valley remains in an era of investment driven by the need to rehabilitate infrastructure built decades ago, and to invest in new infrastructure in response to the increased probability of more frequent and prolonged droughts. Accordingly, planning work continues on efforts to expand and improve water storage diversification in out-of-county water storage facilities. Construction continues on the Anderson Dam Seismic Retrofit Project. Valley Water's 2050 Water Supply Master Plan is complete and incorporates the suspension of the Pacheco Reservoir Expansion Project, which has lowered the

rate projection relative to what was shown last year at this time.

The proposed groundwater production charges for FY 2026-2027 are necessary to pay for the ongoing maintenance of the existing water distribution system, water supply infrastructure rehabilitation and upgrades, and new water supply reliability investments.

The attached resolutions would officially establish water charges for FY 2026-2027, which would become effective on July 1 2026. These staff recommended rates are necessary to pay for (1) advancing the Anderson Dam Seismic Retrofit, which will improve public safety and restore operational capacity; (2) funding key baseline projects such as the Rinconada Water Treatment Plant reliability improvement and the Almaden Valley Pipeline Replacement; (3) participation in the Sites Reservoir B.F. Sisk Dam Raise project, which would provide additional water storage capacity; and, (4) to pay for general inflation.

Staff recommends that the Board adopt by resolution the following proposed Fiscal Year (FY) 2026-2027 groundwater production and other water charges, outlined below and in the accompanying table:

1. In the North County (Zone W-2), staff proposes a 9.1% increase in the Municipal and Industrial (M&I) groundwater production charge from $2,450.00 per acre foot (AF) to $2,673.00/AF.

2. Maintain the treated water surcharge on treated water delivered under Valley Water's contracts with retail agencies (located in the North County) at $115/AF, and maintain the non-contract treated water surcharge at $200/AF. Combined with above-described Zone W-2 groundwater charge increase, this equates to a monthly bill increase for the average household of $5.63, or about 19 cents a day.

3. In the Llagas Subbasin (Zone W-5), staff proposes a 6.6% increase in the M&I groundwater production charge from $624.50/AF to $665.50/AF. The proposal equates to a monthly bill increase for the average household of $1.04, or about 3 cents per day.

4. In the Coyote Valley (Zone W-7), staff proposes a 9.4% increase in the M&I groundwater production charge from $834.50/AF to $913.00/AF. The proposal equates to a monthly bill increase for the average household of $1.98, or about 7 cents per day.

5. In the foothills below the Uvas and Chesbro Reservoirs (Zone W-8), staff proposes an 8% increase in the M&I groundwater production charge from $464.00/AF to $501.00/AF. The proposal equates to a monthly bill increase for the average household of $0.93, or about 3 cents per day.

6. For agricultural groundwater users, staff proposes an increase of 8% from the prior year, which equates to setting the agricultural groundwater charge at 9.25% of the lowest M&I rate (Zone W-8). The proposed agricultural groundwater production charge in any groundwater benefit zone would change from $43.00/AF to $46.50/AF, or roughly a $0.58 increase per month per acre, assuming two acre-feet of water usage per acre per year.

7. Staff recommends a 9.1% increase to the raw surface water master charge from $67.00/AF to $73.00/AF to more closely align revenues with costs related to managing, operating and billing for surface water diversions. This increase results in a proposed 9.1% increase to the North County (Zone W-2) M&I raw surface water charge, to $2,746.00/AF. For South County zones, staff proposes the following M&I raw surface water charge increases: for Zone W-5, a 6.8% increase to $738.50/AF; for Zone W-7, a 9.4% increase to $986.00/AF; for Zone W-8, an 8.1% increase to $574.00/AF. Staff recommends that the total agricultural raw surface water charge be increased 8.6% in all zones, to $119.50/AF.

8. For recycled water (located in Zone W-5), staff recommends increasing the M&I charge by 6.8%, to $645.50/AF, and increasing the agricultural charge by 4.8%, to $76.85/AF. The increase maximizes cost recovery while concurrently providing an economic incentive to use recycled water. This pricing is consistent with the provisions of the “Wholesale-Retailer Agreement for Supply of Recycled Water Between Santa Clara Valley Water District and City of Gilroy.”

Customers in both areas of North and South County may also experience additional increases enacted by their retail water providers.

		Dollars Per Acre Foot		
	Basic User/Groundwater Production Charge	**FY 2024-25**	**FY 2025-26**	**Recommended FY 2026-27**
Zone W-2 (North County)	Municipal and Industrial	2,229.00	2,450.00	2,673.00
	Agricultural	39.80	43.00	46.50
	Surface Water Charge			
	Surface Water Master Charge	61.00	67.00	73.00
	Total Surface Water, Municipal and Industrial*	2,290.00	2,517.00	2,746.00
	Total Surface Water, Agricultural*	100.80	110.00	119.50
	Treated Water Charges			
	Contract Surcharge	115.00	115.00	115.00
	Total Treated Water Contract Charge**	2,344.00	2,565.00	2,788.00
	Non-Contract Surcharge	200.00	200.00	200.00
	Total Treated Water Non-Contract Charge***	2,429.00	2,650.00	2,873.00
Zone W-5 (Llagas Subbasin)	**Basic User/Groundwater Production Charge**			
	Municipal and Industrial	579.00	624.50	665.50
	Agricultural	39.80	43.00	46.50
	Surface Water Charge			
	Surface Water Master Charge	61.00	67.00	73.00
	Total Surface Water, Municipal and Industrial*	640.00	691.50	738.50
	Total Surface Water, Agricultural*	100.80	110.00	119.50
	Recycled Water Charges			
	Municipal and Industrial	559.00	604.50	645.50
	Agricultural	70.15	73.35	76.85
Zone W-7 (Coyote Valley)	**Basic User/Groundwater Production Charge**			
	Municipal and Industrial	750.50	834.50	913.00
	Agricultural	39.80	43.00	46.50
	Surface Water Charge			
	Surface Water Master Charge	61.00	67.00	73.00
	Total Surface Water, Municipal and Industrial*	811.50	901.50	986.00
	Total Surface Water, Agricultural*	100.80	110.00	119.50
Zone W-8 (Uvas/ Chesbro)	**Basic User/Groundwater Production Charge**			
	Municipal and Industrial	430.00	464.00	501.00
	Agricultural	39.80	43.00	46.50
	Surface Water Charge			
	Surface Water Master Charge	61.00	67.00	73.00
	Total Surface Water, Municipal and Industrial*	491.00	531.00	574.00
	Total Surface Water, Agricultural*	100.80	110.00	119.50

*Note: The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge
**Note: The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge
***Note: The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge

*Note: The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the

water master charge.
**Note: The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge.
***Note: The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge.

Following the close of the Public Hearing, the Clerk of the Board tabulated all surface water charge protests received. The Clerk reports that Valley Water received zero (0) surface water protest in North County (Zone W-2), zero (0) for the Llagas Subbasin (South County Zone W-5), zero (0) for the Coyote Valley (South County Zone W-7), and zero (0) for the foothills below the Uvas and Chesbro Reservoirs (South County Zone W-8). Pursuant to Valley Water's surface water rate policy, since protests were not received from a majority of affected surface water users or parcels in any of these zones, Valley Water may enact the surface water charges recommended in the February 2026 Report on the Protection and Augmentation of Water Supplies (<https://online.flipbuilder.com/tkap/jgim/>.)

It is important to note that, in setting all of these above-described water charges, *staff assumes and recommends that the Board will set the State Water Project (SWP) tax at $28 million for FY 2026-2027*, which translates to a property tax bill for the average single-family residence of approximately $46 per year. The recommended SWP tax is necessary to pay for anticipated SWP costs of approximately $35.5 million. Staff believes that, for Fiscal Year 2026-2027, it is infeasible to pay for SWP expenses through Valley Water's groundwater and other water charges. If the SWP Tax is not set at $28 million, then, in order to pay SWP expenses, the M&I groundwater production charge in North County (Zone W-2) would need to increase by an additional $158/AF to $2,831/AF - a **15.5% increase** over last year's groundwater charge. In South County, the M&I charges would similarly need to be increased by an additional: $37/AF in Zone W-5, to $702.50/AF; $49/AF in Zone W-7, to $962.00/AF; and $38/AF in Zone W-8, to $539.00/AF. If SWP expenses were paid through water charges, the agricultural groundwater charge would increase to $49.85/AF in all zones, and the open space credit would increase by $962,533.

A one-year 15.5% increase in wholesale water charges (which does not take into account additional retail water agency rate increases) would place a severe burden on all rate payers, and especially on low-income residents in Santa Clara County.

The proposed resolution to set the SWP tax is included in a separate agenda item, when Valley Water adopts its FY 2026-2027 Operating and Capital Budget.

ENVIRONMENTAL JUSTICE IMPACT:
Valley Water annually considers adjusting water charges necessary to generate necessary revenue for the service of providing water supply to Santa Clara County. Each year the rate setting process is brought forth no fewer than five times, with open discussions being held in November, January and at several Public Hearings in April, providing the Board and public significant opportunity for input. In addition, several Board Advisory committees have opportunities for input in January and April, and the public is invited to an Open House each year in April.

FINANCIAL IMPACT:
If the Board approves the recommended groundwater production and other water charges, the Water Utility should have sufficient funding for planned operations and capital improvement projects for FY 2026-2027.

CEQA:
The establishment of groundwater production charges and other water charges is not a project under CEQA Guidelines Section 15273(a) (CEQA does not apply to establishment or modification of charges by public agencies).

ATTACHMENTS:
Attachment 1: Resolution, Groundwater
Attachment 2: Resolution, Surface Water
Handout 3.5-A: Councilmember Candelas

UNCLASSIFIED MANAGER:
Aaron Baker, 408-630-2135

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-21

DETERMINING GROUNDWATER PRODUCTION CHARGES FOR FISCAL YEAR 2026–2027

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (Valley Water) does find and declare as follows:

1. That pursuant to Section 26.5 of the Santa Clara Valley Water District Act ("District Act"), a written report detailing Valley Water's activities in the protection and augmentation of the water supplies of Valley Water has been prepared including: a financial analysis of Valley Water's water utility system, information as to the present and future water requirements of Valley Water, the water supply available to Valley Water, and future capital improvements and maintenance and operating requirements; a method of financing such requirements; a recommendation as to whether or not the groundwater production charge should continue to be levied in any zone or zones of Valley Water during the ensuing fiscal year; and a proposal of a rate per acre-foot for agricultural water and a rate per acre-foot for all water other than agricultural water for Zones W-2, W-5, W-7, and W-8;

2. That on the 27th day of February 2026, said report was duly delivered to the Clerk of the Valley Water Board;

3. That the Clerk, pursuant to Section 26.6 of the District Act, gave due notice of the receipt of the report and of a public hearing to be held commencing on the 14th day of April 2026, by teleconference, videoconference, or both and in-person attendance at the time stated;

4. That on February 27, 2026, written notice was mailed to all owners and operators of water-producing facilities within Valley Water's boundaries, advising of the proposed groundwater production charge rates to be levied, and of the opportunities to be heard concerning such charges;

5. That pursuant to Section 26.6 of the District Act, on the 14th day of April 2026, at 1 p.m. a public hearing upon said report was duly commenced, and was continued for further hearing to the evening of April 22, 2026, in Morgan Hill, California, and continued again to the afternoon of April 28, 2026, whereupon the hearing was concluded, more than 45 days after notice of the hearing was given;

6. That during said public hearing, additional information and evidence was provided that was considered by the Board in making its decision on groundwater production charges, and the public and all persons subject to groundwater production charges were invited to speak or present written comments at the public hearing;

7. That the charges established by this resolution are for the purpose of paying the cost of constructing, maintaining, and operating facilities to import water into Valley Water; paying the cost of purchasing imported water; paying the cost of constructing, maintaining, and operating facilities for groundwater recharge, surface distribution, and the purification and treatment of water; and paying the principal and interest of any bonded indebtedness or other financial obligations of Valley Water incurred for those purposes;

8. That this Board considered all comments objecting to the proposed groundwater production charge increases for Zones W-2, W-5, W-7, and W-8;

9. That this Board, based on the whole record before it, finds that the revenues derived from the groundwater production charges will not exceed the funds required to provide services to Zones W-2, W-5, W-7, and W-8, as authorized under the District Act, and that the amount levied does not and will not exceed the proportional cost of service; and

10. That the California Environmental Quality Act does not apply to approval of these charges.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

FIRST: Valley Water activities in the geographic area identified as Zone W-2 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; Valley Water activities in the geographic area of Valley Water identified as Zone W-5 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; Valley Water activities in the geographic area of Valley Water identified as Zone W-7 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; and Valley Water activities in the geographic area of Valley Water identified as Zone W-8 benefit said zone and those who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone. Revenues derived from groundwater production charges shall be used only for such activities as authorized under the District Act.

SECOND: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-2 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
$2,673.00	$46.50

THIRD: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-5 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
$665.50	$46.50

FOURTH: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and

are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-7 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
$913.00	$46.50

FIFTH: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2026–2027 groundwater production charge (per acre-foot) for agricultural water and for all water other than agricultural water should be increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-8 of Valley Water for fiscal year 2026–2027 (July 1, 2026–June 30, 2027) at the following per acre-foot rates:

Water Other Than Agricultural	Agricultural Water
$501.00	$46.50

SIXTH: Notice of the setting of groundwater production charges in the identified rates shall be given as provided in Section 26.8 of the District Act.

SEVENTH: The groundwater production charges set forth in this resolution shall be in effect until subsequent action of this Board modifying them.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST:

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-22

DETERMINING RAW SURFACE WATER, TREATED WATER, AND SOUTH COUNTY RECYCLED WATER CHARGES FOR FISCAL YEAR 2026-2027

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (Valley Water) does find and declare as follows:

1. Pursuant to Valley Water Resolution No. 12-10, on February 27, 2026, Valley Water mailed written notice to all "Record Owners" (raw surface water permittees/customers/landowners), advising them of Valley Water's proposed raw surface water charge rates to be levied in Fiscal Year 2026–2027 in Zones W-2, W-5, W-7, and W-8, and of the opportunity to be heard concerning such charges at a public hearing commencing on April 14, 2026 and continuing through April 28, 2026, including their right to file a written protest objecting to any applicable proposed rate increase;

2. On the 14th day of April 2026, at 1 p.m. a public hearing upon said rates/charges was duly commenced, and was continued for further hearing to the evening of April 22, 2026 in Morgan Hill, California, and again continued to the afternoon of April 28, 2026, whereupon the hearing was concluded, more than 45 days after notice of the hearing was given;

3. That during said public hearing, additional information and evidence was provided that was considered by the Board in making this decision;

4. The charges established by this resolution are for the purpose of paying the cost of constructing, maintaining, and operating facilities to import water into Valley Water; paying the cost of purchasing imported water; paying the cost of constructing, maintaining, and operating facilities for groundwater recharge, surface distribution, and the purification and treatment of water; and paying the principal and interest of any bonded indebtedness or other financial obligations of Valley Water incurred for those purposes;

5. Raw surface water permittees/customers and landowners of parcels receiving raw surface water were given the opportunity to file a written protest objecting to the proposed raw surface water charge increase;

6. This Board has now considered all protests objecting to the proposed raw surface water charge increases for Zones W-2, W-5, W-7, and W-8, respectively, and after the close of the hearing determined that written protests were not received from more than 50 percent of the record owners of surface water facilities in Zone W-2, W-5, W-7, and W-8; and

7. The California Environmental Quality Act does not apply to approval of these charges.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the charges to be applied in fiscal year 2026–2027 (July 1, 2026–June 30, 2027) for raw surface water delivered by Valley Water, the following charges shall apply:

1. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-2 is:

Water Other Than Agricultural	Agricultural Water
$2,673.00	$46.50

2. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-5 is:

Water Other Than Agricultural	Agricultural Water
$665.50	$46.50

3. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-7 is:

Water Other Than Agricultural	Agricultural Water
$913.00	$46.50

4. The Basic User Charge per acre-foot for raw surface-delivered water in Zone W-8 is:

Water Other Than Agricultural	Agricultural Water
$501.00	$46.50

5. The charge for watermaster service throughout Valley Water whether such service is for agricultural water or for water other than agricultural water, shall be $73.00 per acre-foot; and

6. Charges per acre-foot for raw surface water delivered to raw surface water permittees outside of Zone W-2, Zone W-5, Zone W-7, or Zone W-8 shall be the same as those imposed within the zone to which the user's turnout is most nearly located.

BE IT FURTHER RESOLVED that upon due review of anticipated costs and revenues of Valley Water, the following rate schedule in dollars per acre-foot for the delivery of treated water is hereby established as the Contract Treated Water Charge, which is comprised of the Basic User Charge and the Treated Water Surcharge for the 2026–2027 fiscal year (July 1, 2026–June 30, 2027):

Charge	Amount
Basic User Charge	$2,673.00
Treated Water Surcharge	115.00
Contract Treated Water Charge	$2,788.00

BE IT FURTHER RESOLVED that the price to be charged per acre-foot for recycled water from the South County Regional Wastewater Authority Facility at Gilroy and delivered to customers shall be the following for the 2026–2027 fiscal year (July 1, 2026–June 30, 2027):

Water Other Than Agricultural	Agricultural Water
$645.50	$76.85

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST: CANDICE KWOK-SMITH

_____
Clerk, Board of Directors

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Outlook

[Draft] **Handout for 5/12/26: Letter to Board Members Regarding water rates**

From moverland@valleywater.org
Draft saved Fri 04/24/2026 03:30 PM

1 attachment (185 KB)
Letter to Valley Water Board Members.pdf;

Hello Valley Water Board of Directors,

Councilmember Candelas has provided a letter regarding the budget, water rates, and the CIP 5 year plan for the May 12, 2026 Board of Directors meeting.

I have attached the letter to this email.

Thanks,

Aadit Agrahara (He/Him)

City of San José | Office of Councilmember Domingo Candelas

Community Outreach and Policy Advisor

200 E. Santa Clara St. - 18th Floor, San José, CA 95113

4088583609| aadit.agrahara@sanjoseca.gov

COUNCILMEMBER
DOMINGO CANDELAS
Evergreen • Southeast San José

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Domingo Candelas

Councilmember, District 8

April 20, 2026

Santa Clara Valley Water District Board of Directors
Valley Water Headquarters
5750 Almaden Expressway
San José, CA 95118

Dear Chair Tony Estremera and Members of the Board:

As the City Councilmember representing Evergreen and East San José, I write to share concerns regarding potential increases to wholesale water rates. The majority of my constituents are customers of the City's retail water system, San José Municipal Water. As a result, any increase in wholesale rates imposed by the Santa Clara Valley Water District is ultimately passed on to our local ratepayers.

I respectfully urge the Board to carefully and thoughtfully evaluate any proposed rate adjustments, with particular attention to the impact on vulnerable residents, including families and those on fixed incomes.

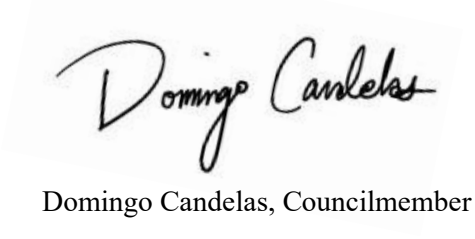
I raised these concerns during a recent meeting of the Santa Clara Valley Water Commission and appreciated the Board members and staff who engaged in that discussion. That spirit of collaboration is essential as the District enters what has been described as an "era of investment" to safeguard the reliability and safety of our region's water supply.

At the same time, the current economic climate—marked by rising housing, food, and energy costs—places increasing pressure on working families. This reality underscores the importance of prudent fiscal management, disciplined cost controls, and thoughtful prioritization of expenditures.

While I recognize the critical need to invest in infrastructure and ensure long-term water reliability, it is equally important to maintain affordability for ratepayers. I believe it is possible to strike a balance that advances necessary capital improvements while minimizing financial burdens on the communities we serve.

Thank you for your time, consideration, and continued partnership.

Sincerely,



Domingo Candelas, Councilmember

District 8, City of San José

Santa Clara Valley Water District

File No.: 25-0877

Agenda Date: 5/12/2026
Item No.: 3.6.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Accept the Fiscal Year 2026-27 Safe, Clean Water and Natural Flood Protection Special Tax Summary Report; and Adopt a Resolution Providing for Levy of the Special Tax Rates and Authorizing a Procedure for Correcting Special Tax Amounts for Fiscal Year 2026-2027.

RECOMMENDATION:
Enter Recommendation.

A. Accept the Fiscal Year 2026-27 Safe, Clean Water and Natural Flood Protection Special Tax Summary Report; and
B. Adopt the Resolution PROVIDING FOR LEVY OF THE SPECIAL TAX PURSUANT TO THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION MEASURE IN THE COMBINED FLOOD CONTROL ZONE OF THE SANTA CLARA VALLEY WATER DISTRICT AND AUTHORIZING A PROCEDURE FOR CORRECTING SPECIAL TAX AMOUNTS FOR FISCAL YEAR 2026-2027.

SUMMARY:
Provisions of Resolution 20-64 (Providing for the continuation and levy of special tax to pay the cost of a Safe, Clean Water and Natural Flood Protection Program in the combined flood control zone of the Santa Clara Valley Water District (Valley Water) subject, nevertheless, to specified limits and conditions) require Valley Water's Chief Executive Officer to prepare a written report recommending rates for the Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) Special Tax, which was approved by voters on November 3, 2020. Rate limits as specified in the Safe, Clean Water ballot measure are indexed to the fiscal year (FY) 2025-26 rates plus the change in the Bay Area Consumer Price Index (CPI) or 2 percent, whichever is greater.

Based on projected costs of the Safe, Clean Water Program activities, and reports released by the Bureau of Labor Statistics indicating that the change in CPI from February 2025 to February 2026 is 2.5 percent, staff recommends that the special tax rates for FY 2026-27 be set at their maximum level, which would reflect a 2.5 percent increase.

The senior exemption provided for in the ballot measure will continue to allow low-income parcel owners over the age of 65 to be exempt from paying the special tax consistent with Resolution 20-64.

Staff has continued to enhance its outreach program to better inform the senior population of the tax exemption program.

The contemplated activities in the proposed FY 2026-27 budget are consistent with the activities identified in the Valley Water report, “Safe, Clean Water and Natural Flood Protection, Community Preferred Program Report” (Report) that explained the voter approved program in detail and any Board approved project modifications to Key Performance Indicators (Attachment 3), per the Change Control Process identified in the Report. The rates identified in the Report reflect staff-recommended increases of 2.5 percent, resulting in projected revenue of $56.6 million in FY 2026-27. The Proposed FY 2026-27 budget reflects a 2.0 percent increase in rates with $56.3 million in total revenue, or $275 thousand lower than the staff recommendation. If the Board adopts the staff recommended rate increase, the final FY 2026-27 budget will be adjusted accordingly. Planned future expenditures as currently forecasted reasonably indicate that the revenue raised next year will be spent according to the Report.

ENVIRONMENTAL JUSTICE IMPACT:
The Safe, Clean Water and Natural Flood Protection Parcel Tax was approved by voters in November 2020. Revenues from the parcel tax fund critical flood protection projects, such as the Coyote Creek Flood Protection project which benefits disadvantaged communities.

FINANCIAL IMPACT:
Levy of the Safe, Clean Water and Natural Flood Protection Special Tax at the recommended level for FY 2026-27 will generate an estimated total of $56.6 million in net revenue that will fund budgeted expenditures consistent with the Report. If the Board does not approve special tax rates for FY 2026-27, Valley Water will not receive the funding necessary to accomplish voter approved outcomes.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: Staff Report
Attachment 2: Resolution
Attachment 3: Summary of Key Performance Indicators

UNCLASSIFIED MANAGER:
Christopher Hakes, 408-630-3796

FY 2026–27 Safe, Clean Water & Natural Flood Protection Special Tax Summary Report

SUMMARY:

Applicable laws and provisions of Resolution 20-64 require Valley Water's Chief Executive Officer to prepare a written report recommending the rates for the Safe, Clean Water and Natural Flood Protection Special Tax, which was approved by voters on November 3, 2020. Rate limits as specified in the Safe, Clean Water ballot measure are indexed to the fiscal year (FY) 2025–26 rates plus an increase based on the Consumer Price Index for all urban consumers (or CPI-U) for San Francisco-Oakland-Hayward in the preceding year or 2 percent, whichever is greater. The CPI-U for San Francisco-Oakland-Hayward from February 2025 to February 2026 was 2.5%. Staff recommends that the special tax rates for FY 2026–27 be set at their maximum level, which would reflect a 2.5% percent increase versus FY 2025–26.

The rate trend for the Single Family Residential and Small Multiples (2-4 units) group, referred to as Group C, is summarized below:

Fiscal Year	Group C Rate	Annual % Increase
2001–02	$39.00	N/A
2002–03	$40.16	3.0%
2003–04	$41.36	3.0%
2004–05	$42.60	3.0%
2005–06	$43.88	3.0%
2006–07	$45.26	3.16%
2007–08	$46.76	3.32%
2008–09	$48.16	3.0%
2009–10	$49.61	3.0%
2010–11	$51.10	3.0%
2011–12	$52.64	3.0%
2012–13	$54.22	3.0%
2013–14	$55.84	3.0%
2014–15	$57.52	3.0%
2015–16	$59.24	3.0%
2016–17	$61.01	3.0%
2017–18	$63.11	3.44%
2018–19	$65.36	3.56%
2019–20	$67.67	3.53%
2020-21	$67.67	0.0%
2021-22	$69.02	2.0%
2022-23	$72.60	5.19%
2023-24	$76.45	5.3%
2024-25	$78.29	2.4%
2025-26	$80.40	2.7%
2026-27	$82.41	2.5%

STAFF ANALYSIS:

Introduction

This Summary Report is prepared in accordance with the voter-approved Santa Clara Valley Water District (Valley Water) Resolution 20-64. It presents the uniform rates for the special tax in the combined flood control zone to generate revenue for designated voter approved purposes.

The revenue generated by the special tax will be used to continue meeting the Safe, Clean Water program commitments and to produce the following program renewal enhanced outcomes:

- Priority A: Ensure a safe, reliable water supply.
- Priority B: Reduce toxins, hazards and contaminants in our waterways.
- Priority C: Protect our water supply and dams from earthquakes and other natural disasters.
- Priority D: Restore wildlife habitat and provide open space.
- Priority E: Provide Flood Protection to homes, businesses, schools, streets and highways.
- Priority F: Support public health and public safety for our community

Attachment 3 of the Board Agenda Memo shows a further breakdown of the activities under each of the Safe, Clean Water program outcomes. Information on the special tax levy for an individual parcel, as well as the detailed Valley Water report describing the purpose of the special tax: "Safe, Clean Water and Natural Flood Protection, Community Preferred Program Report", are available for review on https://www.valleywater.org/safecleanwater.

Passage of Clean, Safe Creeks and Natural Flood Protection

The June 2000 sunset of benefit assessments for Valley Water's flood protection program decreased revenue available to Valley Water to provide additional flood protection capital improvements. Beginning in 1996, Valley Water implemented a program to solicit community input, conduct needs assessments, and propose and refine a comprehensive plan to preserve the quality of life in Santa Clara County as it relates to water resources. Valley Water evaluated available funding alternatives authorized by applicable laws, and determined that a uniform, special tax throughout the combined zone that overlays Valley Water's five flood control zones was the appropriate funding mechanism for the adopted plan. Valley Water placed the Clean, Safe Creeks and Natural Flood Protection measure on the November 7, 2000 ballot and received more than the necessary two-thirds approval by the electorate voting.

In 2011, Valley Water began an intensive outreach effort to reassess community priorities and formulate an updated program because Valley Water could not continue to provide services that the community desired beyond the sunset of the program in June, 2016. At that time, all of the many high priority projects under the 2000 measure had been completed or exceeded, or were on track to be completed or exceeded.

Passage of 2012 Safe, Clean Water and Natural Flood Protection Program

An 18-month period of public input and program refinement resulted in the Safe, Clean Water program, which includes new projects based on stakeholder input, as well as the continuation of important services provided by the old program. The Safe, Clean Water program received the necessary two-thirds approval by voters on November 6, 2012.

Passage of Safe, Clean Water and Natural Flood Protection Measure S

On November 3, 2020, voters in Santa Clara County overwhelmingly approved Measure S, a renewal of Valley Water's Safe, Clean Water and Natural Flood Protection Program that was approved in 2012. The renewed Safe, Clean Water Program identified six key community priorities, established in collaboration with tens of thousands of residents and stakeholders. It will also continue to honor prior commitments made under the 2012 Safe, Clean Water Program in carrying forward all active projects and meeting associated KPI's.

Under current authorization, the program renewal will be funded by a combination of debt financing and pay-as-you-go funding from annual revenues supplemented by reserves from unspent funds, and state and federal funding. The use of debt financing will help fund the Safe Clean Water capital program, rather than waiting for reserves to build up. Valley Water will track the revenues and expenses for the special tax, and as the program progresses, the rates will be evaluated each year to determine what, if any, annual increase is needed.

General Rate Provisions

The special tax revenues estimated to meet the projected costs of the program are based on an initial set of rates for FY 2025–26 in which the residential rate was $80.40.

Future rate limits are indexed to the annual San Francisco-Oakland-Hayward Consumer Price Index for all urban users in the immediate preceding year (Bay Area Consumer Price Index) or 2 percent, whichever is greater. Should declaration of a state or federal disaster area by reason of flooding or other natural disaster occur, the maximum rates will be indexed to the Bay Area Consumer Price Index plus up to 4.5 percent for the three years following the disaster.

The special tax is levied on a parcel by parcel basis according to proportionate storm water runoff. Each assessment is computed by determining the area of a parcel (in acres or fractions thereof) and applicable land use category (as hereinafter defined) and then multiplying the area by the special tax rate applicable to land in such land use category. The land use categories are as follows:

Group A:	Land used for commercial or industrial purposes
Group B:	Land used for institutional purposes such as churches and schools or multiple dwellings in excess of four units, including apartment complexes, mobile home parks, recreational vehicle parks, condominiums and townhouses.
Group C:	(1) Land used for single family residences and multiple family units up to four units. (2) The first 0.25 acre of a parcel of land used for single family residential purposes.
Group D:	(1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses and similar uses. (2) The portion of the land, if any, in excess of 0.25 acre of a parcel used for single family residential purposes.

Group E: Vacant undisturbed land (1) in urban areas; and (2) in rural areas including dry farmed land, grazing and pasture land, forest and brush land, salt ponds and small parcels used exclusively as well sites for commercial purposes.

Group F: Parcels used exclusively as well sites for residential uses are exempt from the special tax.

A minimum special tax is levied on each parcel of real property having a land area up to 0.25 acre for Groups A, B, and C, and up to 10 acres for Groups D and E Urban. For Group E Rural, the minimum Special Tax is as calculated for the E Urban category, but applies to parcels of 80 acres or less. A minimum special tax is also levied on condominiums and townhouses without regard to parcel size. Parcels owned by federal, state, or local agencies are exempt from this special tax.

2026–2027 Special Tax Rates

For FY 2026–27 staff proposes that the Safe, Clean Water and Natural Flood Protection Special Tax be levied at the maximum level to generate $56.6 million to meet the program outcomes. Projected capital design and construction appropriations are $200.7 million. Projected operations, operating projects, debt service and transfer appropriations are $43.2 million. The operating and capital reserve is projected to be $43.5 million by the end of FY 2026–27.

The proposed special tax rates at the rate limits are indicated below and reflect a 2.5% increase over last year's rates under the Safe, Clean Water Program:

Group A: Land used for commercial or industrial purposes: $659.60 per acre, $164.88 minimum for parcels up to 0.25 acre.

Group B: (1) apartment complexes, mobile home parks, recreational vehicle parks: $494.70 per acre, $123.67 minimum for parcels up to 0.25 acre; and (2) condominiums and townhouses: $40.13 per unit.

Group C: Parcels up to 0.25 acres used for single family residences and multiple family units up to four units: $82.41. The first 0.25-acre of a parcel of land used for single family residential purposes: $82.41.

Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses and similar uses: $4.23 per acre, $42.26 minimum on parcels less than 10 acres. (2) The portion of the parcel, if any, in excess of 0.25 acre of a parcel used for single family residential purposes: $4.23 per acre.

Group E: Vacant undisturbed land (1) in urban areas: $1.25 per acre, $12.45 minimum on parcels less than 10 acres; and (2) in rural areas: $0.17 per acre, $12.45 minimum equal to the Group E urban category minimum.

A summary comparing the current year rates with the proposed FY 2026–27 rates is shown in Figure 1.

FIGURE 1

Actual FY 2025–26 Versus Proposed FY 2026–27
Safe, Clean Water and Natural Flood Protection Special Tax Rates

Land Use Categories	Actual FY 2025-26	Proposed FY 2026-27
A – Commercial, Industrial		
Rate ($/Acre)	$643.51	$659.60
Minimum Assessment [1]	$160.86	$164.88
B – Apartment, Schools, Churches, Condominiums & Townhouse		
Rate ($/Acre)	$482.63	$494.70
Minimum Assessment [1]	$120.66	$123.67
Condominiums & Townhouses ($/unit)	$39.15	$40.13
C – Single Family Residential, Small Multiples (2-4 units) [2]		
Minimum Assessment [1]	$80.40	$82.41
D – Utilized Agriculture		
Rate ($/Acre)	$4.13	$4.23
Minimum Assessment [1]	$41.23	$42.26
E – Urban – Nonutilized Agricultural, Grazing Land, Salt Ponds, Well Site in Urban Areas		
Rate ($/Acre)	$1.22	$1.25
Minimum Assessment [1]	$12.15	$12.45
E – Rural – Nonutilized Agricultural, Grazing Land, Well Sites in Rural Areas		
Rate ($/Acre)	$0.16	$0.17
Minimum Assessment [1]	$12.15	$12.45

[1] The minimum assessments shown for Categories A, B, and C apply to parcels ¼ acre or less in size. Category C parcels larger than ¼ acre pay the minimum assessment for the first ¼ acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment is the same for both the Urban Category and the Rural Category parcels, however the Rural Category applies to parcels of 80 acres or less.
[2] Residential land in excess of ¼ acre is assessed at the "D" rate.

Senior Exemption

Legislation was passed in July 2001 to provide Valley Water with the discretion to exempt low-income parcel owners over 65 from the special tax consistent with Resolution 20-64. The exemption program was put in place for FY 2001–02. In 2018, Valley Water reformed the parcel tax exemption process through Assembly Bill 1889. This bill clarifies the need for Valley Water to confirm low income only once, making it easier for the seniors to stay on the exemption rolls. To date in FY 2025–26, 5,066 households have received the exemption, totaling approximately $368,000. Exemptions and refunds total approximately $5.2 million to date since program inception.

Staff continues its outreach program to inform the senior population of the tax exemption program, which includes a four (4)-step approach.

Step 1: Identify ways to collect existing data on homeownership and household income for seniors to estimate the potential number of qualified senior exemptions in the county. By utilizing targeted marketing, staff is able to reach those seniors that meet the program's exemption requirements.

Step 2: Develop outreach strategies to provide program information directly to seniors and/or other agencies and organizations that provide senior services. The outreach steps include:

a. Update program materials annually (flyers, website content, mailers, press releases, newsletters etc.) to provide more information and be more senior-oriented.
b. Partner with Sourcewise, the designated Area Agency on Aging for Santa Clara County to disseminate the program specifics through their varied community contacts.
c. Identify geographic areas that are underrepresented to ensure potential applicants are educated with appropriate marketing materials. If there are areas where seniors could potentially qualify for the exemption, staff will target outreach efforts in those areas.

Step 3: Implement the outreach strategies once the informational materials are complete. The open enrollment period for the Senior Parcel Tax Exemption Program is April 15 to June 30, 2026. Staff will field phone calls, emails from a dedicated email address, provide in-person support for those who need additional information or assistance with the enrollment, attend resource fairs and community collaborative meetings to conduct presentations and help train/inform staff from other organizations about the exemption program so they can also help disseminate the information, and drop off information packets and enrollment applications at Senior Centers and other community based organizations throughout the county.

Step 4: Monitor the exemption program to ensure that accurate information is being disseminated throughout the county and that seniors are receiving the adequate support they need to enroll in the program if they qualify. Staff will also collect data on how participants learn about the program in order to track which outreach strategies are most effective in reaching the senior population.

Special Tax Levy Rolls and Collection

Applicable law provides that the special tax may be levied and collected by the County Tax Collector at the same time and in the same manner as the general tax levy. Following adoption of the special tax rates and receipt of updated assessor parcel data for FY 2026–27, Valley Water will prepare a Special Tax Roll identifying each parcel of land subject to the special tax and the associated tax amount. This information will be made available for review at Valley Water through the Clerk of the Board. The Special Tax Roll showing parcel number and levy amount will be forwarded to the County Tax Collector

in August 2026 to facilitate County collection of the special tax.

FINANCIAL IMPACT:

Setting the Safe, Clean Water and Natural Flood Protection special tax rates at staff recommended level for FY 2026–27 would provide adequate funding to meet operations, operating projects, debt service and transfer costs of $43.2 million, as well as a projected capital appropriation of approximately $200.7 million. Planned future expenditures reasonably indicate that the revenue raised next year will be spent according to the Safe, Clean Water and Natural Flood Protection program renewal report.

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-23

PROVIDING FOR LEVY OF THE SPECIAL TAX PURSUANT TO THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION MEASURE IN THE COMBINED FLOOD CONTROL ZONE OF THE SANTA CLARA VALLEY WATER DISTRICT AND AUTHORIZING A PROCEDURE FOR CORRECTING SPECIAL TAX AMOUNTS FOR FISCAL YEAR 2026-2027

WHEREAS, the Santa Clara Valley Water District (Valley Water) owns property and builds, operates, and maintains infrastructure in Santa Clara County to: ensure a safe, reliable water supply for the future; reduce toxins, hazards, and contaminants, such as mercury and pharmaceuticals, in our waterways; protect our water supply and local dams from the impacts of earthquakes and natural disasters; restore fish, bird, and wildlife habitat and provide open space access; and provide flood protection to homes, business, schools, streets, and highways; and

WHEREAS, more than two-thirds of the electors voting in Santa Clara County did favor a special tax measure in the November 3, 2020, General Election thereby approving the special tax specified in Resolution No. 20-64 for designated purposes.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors (Board) of the Santa Clara Valley Water District as follows:

FIRST: The Chief Executive Officer (CEO) of Valley Water has directed a summary report to be prepared for fiscal year July 1, 2026, through June 30, 2027, that includes the proposed special tax rates for that year ("Report"), and presented that Report on May 12, 2026, as an attachment to an agenda memorandum with the subject "Safe, Clean Water and Natural Flood Protection Special Tax Summary Report and Resolution Setting the Special Tax Rates for Fiscal Year 2026-2027 (FY 2026-27)."

SECOND: A special tax is hereby levied on each parcel of real property in the Combined Zone consisting of the aggregate metes and bounds of District Zones One, Two, Three, Four, and Five as presently existing ("Combined Zone") for the purposes stated in the Report, and as authorized according to the minimums and methods described in this resolution. Except for the minimum special tax as hereinafter indicated, the special tax for each parcel of real property in the Combined Zone is computed by determining that parcel's area in acres or fractions thereof, its land use category (as hereinafter defined), and then multiplying the area by the special tax rate applicable to land in such land use category. A minimum special tax shall be levied on each parcel of real property having a land area up to: (1) 0.25 acre for Groups A, B, and C; and (2) up to 10 acres for Groups D and E Urban. For Group E Rural, the minimum special tax shall be that as calculated for the E Urban category, but shall apply to parcels of 80 acres or less. A minimum special tax shall be levied in Group B per unit for condominiums and townhouses without regard to parcel size.

THIRD: Special tax rates for land use categories for each parcel of land in the Combined Zone are defined and established as follows:

Group A: Land used for commercial or industrial purposes: $659.60 per acre, $164.88 minimum for parcels up to 0.25 acre.

Group B: Land used for institutional purposes such as churches and schools or multiple dwellings in excess of four units, including (1) apartment complexes, mobile home parks, and recreational vehicle parks: $494.70 per acre, $123.67 minimum for parcels up to 0.25 acre; and (2) condominiums and townhouses: $40.13 per unit.

Group C: Parcels up to 0.25 acre used for single-family residences and multiple-family units up to four units: $82.41. The first 0.25 acre of a parcel of land used for single-family residential purposes: $82.41.

Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses, and similar uses: $4.23 per acre, $42.26 minimum on parcels less than 10 acres. (2) The portion of a parcel, if any, in excess of 0.25 acre used for single-family residential purposes: $4.23 per acre.

Group E: Vacant undisturbed land (1) in urban areas: $1.25 per acre, $12.45 minimum on parcels less than 10 acres; and (2) in rural areas: $0.17 per acre, with a $12.45 minimum.

Group F: Parcels used exclusively as well sites for residential uses are exempt from the special tax.

Parcels owned by federal, state, or local government agencies are exempt from this special tax.

FOURTH: Valley Water will provide an exemption from the special tax for low-income owner-occupied residential properties for taxpayer-owners 65 years of age or older as follows:

Residential parcels where the total annual household income does not exceed 75 percent of the latest available figure for state median income at the time the annual tax is set, and where such parcel is owned and occupied by at least one person who is aged 65 years or older, shall be exempt from the applicable special tax for fiscal year 2026-2027 upon requesting such exemption from Valley Water prior to fiscal year 2026-2027. Granting similar exemptions for fiscal years beyond fiscal year 2026-2027 will be made at the discretion of the Board.

FIFTH: Any special tax amount found to be in error and that results in an overstatement of tax to a property owner may be corrected by a check or checks drawn upon the Safe, Clean Water and Natural Flood Protection Fund upon approval by the Valley Water Chief Financial Officer and pursuant to procedures approved by Valley Water's CEO and District Counsel.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST: CANDICE KWOK-SMITH

_____
Clerk, Board of Directors

Affix Seal Here

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

DATED: May 12, 2026

CANDICE KWOK-SMITH
Clerk, Board of Directors
Santa Clara Valley Water District

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Summary of Key Performance Indicators

Project	Key Performance Indicator
Priority A: Ensure a Safe, Reliable Water Supply	
A2 Water Conservation Rebates and Programs	1. Award up to $1 million per year toward specified water conservation program activities, including rebates, technical assistance and public education within the first seven (7) years of the Program.
A3 Pipeline Reliability	1. Install four (4) new line valves on treated water distribution pipelines.

Project	Key Performance Indicator
Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways	
B1 Impaired Water Bodies Improvement	1. Investigate, develop and implement actions to reduce methylmercury in fish and other organisms in the Guadalupe River Watershed. 2. Prepare and update a plan for the prioritization of surface water quality improvement activities, such as addressing trash and other pollutants. 3. Implement at least two (2) priority surface water quality improvement activities identified in the plan per 5-year implementation period.
B2 Inter-Agency Urban Runoff Program	1. Address trash in creeks by maintaining trash capture devices or other litter control programs. 2. Maintain Valley Water's municipal stormwater compliance program and partner with cities to address surface water quality improvements, including participation in at least three (3) countywide, regional or statewide stormwater program committees to help guide regulatory development, compliance, and monitoring. 3. Support at least one (1) stormwater quality improvement activity per 5-year implementation period in Santa Clara County, including providing up to $1.5 million over 15 years to support implementation of green stormwater infrastructure consistent with Santa Clara Basin and South County Stormwater Resource Plans.
B3 Hazardous Materials Management and Response	1. Respond to 100% of hazardous materials reports requiring urgent on-site inspection in two (2) hours or less.
B4 Support Volunteer Cleanup Efforts	1. Fund Valley Water's creek stewardship program to support volunteer cleanup activities such as annual National River Cleanup Day, California Coastal Cleanup Day, the Great American Litter Pick Up; and the Adopt-A-Creek Program.

Project	Key Performance Indicator
Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters	
C1 Anderson Dam Seismic Retrofit	1. Provide portion of funds, up to $54.1 million, to help restore full operating reservoir capacity of 90,373 acre-feet.

Project	Key Performance Indicator
Priority D: Restore Wildlife Habitat and Provide Open Space	
D1 Management of Riparian Planting and Invasive Plant Removal	1. Maintain a minimum of 300 acres of riparian planting projects annually to meet regulatory requirements and conditions. 2. Maintain a minimum of 200 acres of invasive plant management projects annually to meet regulatory requirements and conditions. 3. Remove 25 acres of Arundo donax throughout the county over a 15-year period.
D2 Revitalize Riparian, Upland and Wetland Habitat	1. Revitalize at least 21 acres over a 15-year period through native plant revegetation and/or removal of invasive exotic species. 2. Develop an Early Detection and Rapid Response Program Manual. 3. Identify and treat at least 100 occurrences of emergent invasive species over a 15-year period, as identified through the Early Detection and Rapid Response Program. 4. Develop at least eight (8) information sheets for Early Detection of Invasive Plant Species.
D3 Sediment Reuse to Support Restoration Projects	1. Reuse sediment meeting applicable screening criteria at available Valley Water or partnership project sites to support restoration. 2. Provide up to $4 million per 15-year period to support activities necessary for sediment reuse.
D4 Fish Habitat and Passage Improvement	1. Complete planning and design for one (1) creek/lake separation. 2. Partially fund the construction of one (1) creek/lake separation project in partnership with local agencies. 3. Use $8 million for fish passage improvements by June 30, 2028. 4. Update study of all major steelhead streams in the county to identify priority locations for fish migration barrier removal and installation of large woody debris and gravel as appropriate. 5. Complete five (5) habitat enhancement projects based on studies that identify high priority locations for large wood, boulders, gravel, and/or other habitat enhancement features.
D5 Ecological Data Collection and Analysis	1. Reassess and track stream ecological conditions and habitats in each of the county's five (5) watersheds every 15 years. 2. Provide up to $500,000 per 15-year period toward the development and updates of five (5) watershed plans that include identifying priority habitat enhancement opportunities in Santa Clara County.
D6 Restoration of Natural Creek Functions	1. Construct the Hale Creek Enhancement Pilot Project, which includes restoration and stabilization of a 650-foot section of concrete-lined channel on Hale Creek, between Marilyn Drive and North Sunshine Drive on the border of Mountain View and Los Altos. 2. Construct the Bolsa Road Fish Passage Project along 1,700 linear feet of Uvas-Carnadero Creek in unincorporated Santa Clara County, which includes geomorphic design features that will restore stability and stream function.

Priority D: Restore Wildlife Habitat and Provide Open Space cont…	
D7 Partnerships for the Conservation of Habitat Lands	1. Provide up to $8 million per 15-year period for the acquisition or enhancement of property for the conservation of habitat lands.

Project	Key Performance Indicator
Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways	
E1 Coyote Creek Flood Protection, Montague Expressway to Tully Road – San Jose	1. Construct flood protection improvements along Coyote Creek between Montague Expressway and Tully Road to provide protection from floods up to the level that occurred on February 21, 2017, approximately a 5% (20-year) flood event.
E2 Sunnyvale East and Sunnyvale West Channels Flood Protection, San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale	1. Provide 1% (100-year) flood protection for 1,618 properties and 47 acres (11 parcels) of industrial land, while improving stream water quality and working with other agencies to incorporate recreational opportunities.
E3 Lower Berryessa Flood Protection, including Tularcitos and Upper Calera Creeks (Phase 3) – Milpitas	1. With local funding only: Complete the design phase of the 1% (100-year) flood protection project to protect an estimated 1,420 parcels.
E4 Upper Penitencia Creek Flood Protection, Coyote Creek to Dorel Drive – San Jose	1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) flood protection to 8,000 parcels. 2. With local funding only: Construct a 1% (100-year) flood protection project from Coyote Creek confluence to Capitol Avenue to provide 1% (100-year) flood protection to 1,250 parcels, including the new Berryessa BART station.
E5 San Francisquito Creek Flood Protection, San Francisco Bay to Upstream of Highway 101 – Palo Alto	1. Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% (100-year) flood protection. 2. With state and local funding only: Protect approximately 3,000 parcels by providing 1% (100-year) flood protection downstream of Highway 101, and approximately 1.4% (70-year) protection upstream of Highway 101.

Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways cont…	
E6 Upper Llagas Creek Flood Protection, Buena Vista Avenue to Llagas Road – Morgan Hill, San Martin, Gilroy	1. Preferred project with federal and local funding: Plan, design and construct flood protection improvements along 13.9 miles of Upper Llagas Creek from Buena Vista Avenue to Llagas Road to provide flood protection to 1,100 homes, 500 businesses, and 1,300 agricultural acres, while improving stream habitat. 2. With local funding only: Construct flood protection improvements along Llagas Creek from Buena Vista Avenue to Highway 101 in San Martin (Reaches 4 and 5 (portion)), Monterey Road to Watsonville Road in Morgan Hill (Reach 7a), approximately W. Dunne Avenue to W. Main Avenue (portion of Reach 8), and onsite compensatory mitigation at Lake Silveira.
E7 San Francisco Bay Shoreline Protection – Milpitas, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale	1. Provide portion of the local share of funding for planning, design and construction phases for the Santa Clara County shoreline area, EIAs 1-4. 2. Provide portion of the local share of funding for planning and design phases for the Santa Clara County shoreline area, EIAs 5-9.
E8 Upper Guadalupe Flood Protection, Highway 280 to Blossom Hill Road – San Jose	1. Preferred project with federal and local funding: Construct a flood protection project to provide 1% (100-year) flood protection to 6,280 homes, 320 businesses and 10 schools and institutions. 2. With local funding only: Construct flood protection improvements along 4,100 feet of Guadalupe River between the Southern Pacific Railroad (SPRR) crossing, downstream of Willow Street, to the Union Pacific Railroad (UPRR) crossing, downstream of Padres Drive, and provide gravel augmentation along approximately 800 linear feet of the Upper Guadalupe River in San José, from approximately the Union Pacific Railroad Bridge to West Virginia Street Bridge to improve aquatic habitat for migrating steelhead and all native fish species and channel stability.

Project	Key Performance Indicator
Priority F: Support Public Health and Public Safety for Our Community	
F1 Vegetation Control and Sediment Removal for Capacity	1. Maintain completed flood protection projects for flow conveyance.
F2 Emergency Response Planning and Preparedness	1. Coordinate with local municipalities to merge Valley Water-endorsed flood emergency processes with their own emergency response plans and processes. 2. Complete five (5) flood management plans/procedures per 5-year period, selected by risk priorities. 3. Train Valley Water staff and partner municipalities annually on disaster procedures via drills and exercises before testing the plans and procedures. 4. Test flood management plans/procedures annually to ensure effectiveness.
F3 Flood Risk Assessment Studies	1. Complete engineering studies on three (3) creek reaches to address 1% (100-year) flood risk. 2. Annually, update floodplain maps on a minimum of three (3) creek reaches in accordance with new FEMA standards.

Priority F: Support Public Health and Public Safety for Our Community cont…	
F4 Vegetation Management for Access and Fire Safety	1. Provide vegetation management for access and fire risk reduction on an average of 495 acres per year, totaling 7,425 acres along levee, property lines and maintenance roads over a 15-year period.
F5 Good Neighbor Program: Encampment Cleanup	1. Manage 300 acres annually to cleanups trash, debris, and hazardous pollutants generated from encampments and to reduce the amount of these pollutants entering streams. 2. Provide up to $500,000 per year in cost-share with local agencies for services related to encampment cleanups, including services supporting staff safety, discouraging re-encampments along waterways or addressing the socio-environmental crisis with the goal of reducing the need for encampment cleanups.
F6 Good Neighbor Program: Graffiti and Litter Removal and Public Art	1. Cleanup identified trash and graffiti hotspots at approximately 80 sites four (4) times per year. 2. Respond to requests on litter or graffiti cleanup within five (5) working days. 3. Provide up to $1.5 million over 15 years to implement public art projects on Valley Water property and infrastructure.
F7 Emergency Response Upgrades	1. Maintain existing capabilities for flood forecasting and warning. 2. Improve flood forecast accuracy and emergency response time working with the National Weather Service and through research and development.
F8 Sustainable Creek Infrastructure for Continued Public Safety	1. Provide up to $7.5 million in the first 15-year period to plan, design and construct projects identified through Watersheds asset management plans.
F9 Grants and Partnerships for Safe, Clean Water, Flood Protection and Environmental Stewardship	1. Provide a grant and partnership cycle each year for projects related to safe, clean drinking water, flood protection and environmental stewardship. 2. Provide annual funding for bottle filling stations to increase drinking water accessibility, with priority for installations in economically disadvantaged communities and locations that serve school-age children and students. 3. Provide annual mini-grant funding opportunity for projects related to safe, clean drinking water, flood protection and environmental stewardship. 4. Provide up to $3 million per 15-year period for a Creekside Neighbor Rebate Program for watershed activities, including bank repair, sediment removal, and downed tree management.

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Santa Clara Valley Water District

File No.: 25-0879

Agenda Date: 5/12/2026
Item No.: 3.7.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Conduct a Public Hearing on the Annual Report Recommending Flood Control Benefit Assessments and Adopt a Resolution Setting Benefit Assessment Revenue for Fiscal Year 2026-2027.

RECOMMENDATION:

A. Open and conduct the Public Hearing to consider any comments regarding the Flood Control Benefit Assessments for Fiscal Year 2026-2027 (FY 2026-27);
B. Close the Public Hearing; and
C. Adopt the Resolution ESTABLISHING LAND USE CATEGORIES, CONFIRMING A LEVY OF BENEFIT ASSESSMENTS TO MEET DULY AUTHORIZED DEBT OBLIGATIONS FOR FISCAL YEAR 2026-2027 IN FLOOD CONTROL ZONES OF SANTA CLARA VALLEY WATER DISTRICT, IN ACCORDANCE WITH RESOLUTION NOS. 86-54, 86-55, 86-56, 86-57, AND 90-7, AND AUTHORIZING A PROCEDURE FOR CORRECTING ASSESSMENTS.

SUMMARY:
The voter-approved benefit assessments program authorized use of flood control benefit assessments to meet qualified long-term debt obligations associated with outstanding Certificates of Participation until such obligations are retired. The proceeds of the Certificates have been or will be used to plan, design and build flood protection facilities to reduce flood damage. This agenda item presents the staff recommendation to hold the annual Public Hearing and, after consideration of public input, consider the attached resolution to set benefit assessments at a level to meet FY 2026-27 debt obligations.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice Impacts associated with this item.

FINANCIAL IMPACT:
If the Board does not approve benefit assessments for FY 2026-27, authorized debt obligation of the 2017 Certificates of Participation would be at risk for default.

The proposed benefit assessment revenue of $6,921,250 equals 1.25 times debt service for outstanding Certificates of Participation. Funds collected will be used to pay debt service and to help meet operations and maintenance of the respective watershed zone facilities. Setting rates to generate these funds will meet coverage requirements and ratepayer covenants for the outstanding flood protection Certificates of Participation.

CEQA:
The recommended Board action is not subject to CEQA pursuant to CEQA Guidelines Section 15273 (a) which statutorily exempts the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies for the purpose of meeting operating expenses; purchasing or leasing supplies, equipment and materials; meeting financial reserve needs/requirements; and obtaining funds for capital projects needed to maintain service within existing service areas.

ATTACHMENTS:
Attachment 1: Staff Report
Attachment 2: Resolution
Attachment 3: Benefit Assessment Report

UNCLASSIFIED MANAGER:
Chris Hakes, 408-630-3796

Staff Report

SUMMARY

Resolution Nos. 86–54, 86–55, 86–56, 86–57, and 90–7 require that a public hearing on required benefit assessments be held and that rates for fiscal year (FY) 2025–27 be set before August 1, 2026. Staff recommends that the Board adopt the attached resolution that would direct staff to set benefit assessments at the level estimated to raise the required annual revenue to meet debt obligations and covenants for outstanding flood protection Certificates of Participation.

The revenue for each flood zone required to be collected from benefit assessments to meet authorized obligations is summarized in Figure 1 below. Also, shown for comparison purposes are the required revenues for FY 2025–26.

FIGURE 1
Flood Control Benefit Assessments
Fiscal Years 2025–26 & 2026–27 Required Revenue

Flood Control Zone	Required Revenue 2025–26	Required Revenue 2026–27
Northwest	$2,732,804	$2,731,817
North Central	$819,772	$819,476
Central	$911,166	$910,837
East	$2,460,008	$2,459,120
South	$0	$0
TOTAL	**$6,923,750**	**$6,921,250**

STAFF ANALYSIS:

Flood control benefit assessments were last authorized by the voters in 1986 in the Northwest, Central, East and South flood control zones, and in 1990 in the North Central flood control zone to provide flood protection. Since June 30, 2000, these benefit assessments have been limited to the annual revenue requirements to meet duly authorized debt obligations within each watershed zone.

Figure 2 shows the actual benefit assessment rates levied in FY 2025–26, and the expected FY 2026–27 rates for an average single-family residence in each of the flood control zones. Actual rates to meet debt obligations by zone for FY 2026–27 are dependent on updated assessor information on parcel land use and parcel area, which will not be available until July 2026.

FIGURE 2
Flood Control Benefit Assessments
FY 2025–26 Actual Rates & FY 2026–27 Expected Rates for
Group C (Residential Parcels)

Flood Control Zone	Actual Rates for Group C (residential parcels) FY 2025–2026	Expected Rates for Group C (residential parcels) FY 2026–2027
Northwest	$26.55	$26.54
North Central	$4.71	$4.70
Central	$4.17	$4.16
East	$12.89	$12.88
South	$0.00	$0.00

The FY 2026–27 rates in the Northwest, North Central, Central, and East zones are expected to be slightly lower than the actual rates levied for FY 2025–26. The expected rates for FY 2026–27 also reflect the 2012A Series Certificates of Participation debt service payments being paid in full as of FY 2023–24. Debt obligations in the South zone were paid off at the end of FY 2012–13, and therefore no Benefit Assessment will be levied in the South zone for FY 2026–27.

The attached resolution would direct the Chief Executive Officer to perform four tasks: (1) determine actual benefit assessment rates sufficient to cover debt obligations for each zone once necessary data to compute the rates is received from the County of Santa Clara in July 2026; (2) compute benefit assessments for each eligible parcel; (3) forward the roll of parcel assessments to the County Tax Collector for collection; and, (4) make corrections to the assessments for any errors that may be identified during the year.

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-24

ESTABLISHING LAND USE CATEGORIES, CONFIRMING A LEVY OF BENEFIT ASSESSMENTS TO MEET DULY AUTHORIZED DEBT OBLIGATIONS FOR FISCAL YEAR 2026-2027 IN FLOOD CONTROL ZONES OF SANTA CLARA VALLEY WATER DISTRICT, IN ACCORDANCE WITH RESOLUTION NOS. 86-54, 86-55, 86-56, 86-57, AND 90-7, AND AUTHORIZING A PROCEDURE FOR CORRECTING ASSESSMENTS

BE IT RESOLVED, by the Board of Directors of the Santa Clara Valley Water District (Valley Water) as follows:

FIRST: In accordance with the requirements of law and of the terms of Valley Water Resolutions 86-54, 86-55, 86-56, 86-57, and 90-7, the Chief Executive Officer (CEO) of Valley Water has caused a written report to be prepared and filed for the fiscal year 2026–27, setting forth the annual amounts to be collected through benefit assessment rates in each established flood control zone of Valley Water, pursuant to a voter-approved program.

SECOND: Upon receiving and filing the report, the Clerk of the Board gave notice of a hearing on the same by posting at least three copies of the notice in each established flood control zone of Valley Water and by publication pursuant to Section 6066 of the Government Code.

THIRD: The Board, having heard the matter as scheduled or as postponed or duly continued, does hereby:

A. Fix and establish land use categories for each parcel of land to be assessed in Valley Water as follows:

Group A: Land used for commercial or industrial purposes.

Group B: Land used for apartments or institutional purposes such as churches and schools.

Group C: The first 0.25 acre of a parcel of land used for single- and multiple-family residences up to four units, and each townhouse or condominium unit in a complex.

Group D: (1) Disturbed agricultural land, including irrigated land, orchards, dairies, field crops, golf courses, and similar uses.

(2) The portion of land, if any, in excess of 0.25 acre of a parcel used for single-family residential purposes.

Group E: Vacant, undisturbed land (1) in urban areas and (2) in rural areas including dry farmland, grazing and pastureland, forest and brushland, salt ponds, and parcels used exclusively as well sites.

B. Levy, fix, and establish flood control benefit assessments for fiscal year 2026–27 commencing July 1, 2026, and ending June 30, 2027, on each parcel of real property in each established flood control zone of Valley Water, at the benefit assessment rates and minimum charges for each of the established land use categories to raise sufficient proceeds to meet duly authorized debt obligations of each flood control zone as follows:

Flood Control Benefit Assessments to be Collected in 2026–2027

Flood Control Zone	Debt Obligation
Northwest	$2,731,817
North Central	$819,476
Central	$910,837
East	$2,459,120
South	$0

C. The actual 2026–2027 rates shall be determined by the CEO or his designee, once updated parcel land use and area information is received from the Santa Clara County Assessor's Office. These rates shall be used to prepare the benefit assessments for each parcel and shall be submitted to the Santa Clara County Tax Collector for collection.

FOURTH: Benefit assessments found to be in error and that result in an over assessment to property owners may be corrected by a check or checks drawn upon the appropriate Benefit Assessment Fund upon approval by the Chief Financial Officer and pursuant to procedures approved by Valley Water's CEO and Valley Water Counsel.

FIFTH: Paragraph D of the SECOND section of Resolutions 86-54, 86-55, 86-56, 86-57, and 90-7 are hereby amended to provide as follows:

> Upon receiving and filing the report the Clerk of the Board shall fix a time, date and place for a hearing on the report, preceded by notice published pursuant to Section 6066 of the California Government Code and by posting the notice as provided by law.

SIXTH: The Clerk of the Board shall file certified copies of this resolution with both the Tax Roll Control Office of County of Santa Clara and with the Recorder of said County.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST: CANDICE KWOK-SMITH

_____
Clerk, Board of Directors

Affix Seal Here

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

DATED: May 12, 2026

CANDICE KWOK-SMITH
Clerk, Board of Directors
Santa Clara Valley Water District

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FLOOD CONTROL BENEFIT ASSESSMENTS

FOR FISCAL YEARS

2026-2027
Through
2029-2030

April 2026

Valley Water

SANTA CLARA VALLEY WATER DISTRICT

FLOOD CONTROL BENEFIT ASSESSMENTS
FOR FISCAL YEARS
2026-2027
Through
2029-2030

Prepared by

Feliser Lee
Program Administrator

And

Carmen Narayanan
Financial Planning and Revenue Manager

Under the Direction of

Chris Hakes
Chief Operating Officer – Watershed Operations

April 2026

VALLEY WATER BOARD OF DIRECTORS

John L. Varela	**District 1**	**Nai Hsueh**	**District 5**
Shiloh Ballard	**District 2**	**Tony Estremera, Chair**	**District 6**
Richard P. Santos, Vice Chair	**District 3**	**Rebecca Eisenberg**	**District 7**
Jim Beall	**District 4**		

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INTRODUCTION/SUMMARY

This Flood Control Benefit Assessment report is prepared in accordance with voter-approved Santa Clara Valley Water District (Valley Water) resolutions. It presents annual revenue requirements for fiscal years 2026-27 through 2029-30 for each of the five flood control zones throughout Valley Water (see map on page 2 for zone locations). Commencing on July 1, 2000, Valley Water benefit assessments are limited to pay qualified debt obligations and covenants only.

The qualified debt obligations in each of the zones are for debt service and associated covenants of outstanding Certificates of Participation (long-term financing instruments similar to bonds). The proceeds from these long-term debt obligations have been or will be used to plan, design and build flood protection facilities. Major projects partially financed with debt proceeds include Calabazas Creek from Guadalupe Slough to Miller Avenue, Coyote Creek from San Francisco Bay to Montague Expressway, Adobe Creek upstream of El Camino Real, Matadero Creek, Llagas Creek and the Guadalupe River projects.

This report serves as the base report for the public hearings on flood control benefit assessments for FY 2026-27 and subsequent fiscal years until 2029-30.

Information on the flood control benefit assessment for an individual parcel as well as the initial detailed Valley Water reports describing the need for supplemental flood control revenue from benefit assessments are available for review through the Clerk of the Board at Valley Water's office located at 5700 Almaden Expressway, San Jose, California.

Legend
SCVWD Board of Directors
1. John Varela
2. Shiloh Ballard
3. Richard Santos
4. Jim Beall
5. Nai Hsueh
6. Tony Estremera
7. Rebecca Eisenberg
SCVWD Flood Control Watersheds
1% Flood Limits
District 1
District 2
District 3
District 4
District 5
District 6
District 7
No Zone Designation Drains to Alameda County
East Zone Coyote Watershed
Central Zone Guadalupe Watershed
North Central Zone West Valley Watersheds
Northwest Zone Lower Peninsula Watersheds
South Zone Uvas/Llagas Watersheds
San Francisco Bay
Stevens Creek Reservoir
Lexington Reservoir
Vasona Reservoir
Guadalupe Reservoir
Almaden Reservoir
Calero Reservoir
Anderson Reservoir
Coyote Reservoir
Chesbro Reservoir
Uvas Reservoir
Pacheco Lake
San Luis Reservoir
Approximate Scale
GIS themes are for illustration and general analysis purposes only and are not accurate to surveying or engineering standards. Information is not guaranteed to be accurate, current, or complete and use of this information is your responsibility.
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BACKGROUND

INITIATION OF BENEFIT ASSESSMENT PROGRAM

After passage of Proposition 13 in 1978, revenue for Valley Water flood control activities was significantly decreased. The State Legislature recognized the vital public safety service furnished by local flood control districts and passed Assembly Bill 549 (Frazee) in 1979. This legislation authorized flood control districts to levy benefit assessments to help fund flood control programs. The law permitted flood control benefit assessments to be spread according to the proportional storm water runoff from each parcel of property within the assessed area and required voter approval to continue such levy after the first year. On June 9, 1981, following a public hearing, the Board of Directors (Board) adopted a 10-year flood control benefit assessment program and levied assessments for one year beginning with 1981-82. They put the issue of continuing the benefit assessments for nine more years on the June 8, 1982, ballot for all zones. The measure was overwhelmingly approved by the voters.

REVISED BENEFIT ASSESSMENTS TO ACCELERATE CONSTRUCTION (1986 & 1990)

Following major floods and flood damage in 1982, 1983, and 1986, the Board reviewed the effectiveness of the benefit assessments and found that unless additional funding was made available, many of the needed flood protection projects would not be completed until well past the year 2010. The Board, with recommendations from the Flood Control Zone Advisory Committees, went to the electorate on November 4, 1986, in four zones, the Northwest, Central, East, and South to 1) increase benefit assessment rate limits so construction of flood protection projects could be accelerated, 2) extend the benefit assessment program to the year 2000, 3) use benefit assessments to meet duly authorized debt obligations beyond the year 2000 until retired, and 4) meet flood damage costs to Valley Water facilities from flood disasters. The voters approved the benefit assessment measures in each of these zones. On June 5, 1990, voters approved a similar measure in the North Central zone.

Pursuant to the 1986 and 1990 voter approved benefit assessment programs described above, as of July 1, 2000, benefit assessment rates are determined solely by each zone's long-term debt obligations. Valley Water cannot increase annual debt obligations supported by benefit assessments in excess of amounts in place on July 1, 2000 unless a new measure is approved by voters.

DEBT OBLIGATION REFUNDING (2003)

In February 2003, Valley Water refinanced a portion of the outstanding 1994A Series Certificates of Participation to take advantage of a favorable interest rate market. Valley Water realized cost savings in three of the 5 watershed zones; Central, East and North Central. In the Central and North Central zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt was used to supplement voter approved projects in those zones. Savings achieved in the East zone were not eligible to fund projects, but instead were used to reduce debt service and the

associated benefit assessments. Table 1 reflects the change to the benefit assessment debt obligation in the East zone, a reduction of roughly $130,000 per year beginning in 2004. The refinancing resulted in slight insignificant changes to the debt obligation in all other zones.

DEBT OBLIGATION REFUNDING (2004)

The remaining portion of the 1994A Certificates of Participation (COP's) became eligible for refunding on November 3, 2003. Since the remaining portion was allocated to the advance refunding of the Series 1988 and Series 1990 COP's, tax law requires that a ten year period of time elapse prior to the second advance refunding, marked by November 3, 2003 in this case. In January, 2004, Valley Water refinanced this remaining portion of the outstanding 1994A Series Certificates of Participation to again take advantage of the favorable interest rate market. Valley Water realized cost savings in two of the five watershed zones; Northwest and South. In the Northwest zone, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt was used to supplement voter approved projects in that zone.

Savings achieved in the South zone were not eligible to fund projects, but instead were used to shorten the term over which the debt service would be paid and associated benefit assessments would be collected. Table 1 on the following page reflects the change to the benefit assessment debt obligation in the South zone, in which the debt obligation is paid off by the year 2013 instead of 2024. The refinancing resulted in slight insignificant changes to the debt obligation in all other zones.

DEBT OBLIGATION REFUNDING (2007)

In February, 2007 Valley Water refinanced the outstanding portion of the 2000 Series Certificates of Participation to take advantage of a favorable interest rate market. Valley Water realized cost savings in four of the 5 watershed zones; Northwest, North Central, Central, and East. No debt was issued for the South zone under the 2000 Series debt issuance; therefore, the South zone was not affected by the refunding. In the four affected zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt was used for voter approved projects in each zone.

There was a one-time reduction in the benefit assessment debt obligation for each of the four affected zones in FY 2008 as shown on Table 1. This one-time reduction was a result of the issuance of the 2007A Refunding Certificates of Participation that refinanced the 2000 Series Certificates of Participation. Upon analyzing the results of the refunding, Bond Counsel determined that $1.1M was available to pay down principal in the affected zones. In FY 2009 and beyond, Table 1 reflects slight immaterial changes to the benefit assessment debt obligation in the four affected zones due to the refinancing. Table 1 also shows the End of Year Principal balance schedule in aggregate for all zones.

DEBT OBLIGATION REFUNDING (2012)

In November, 2012 Valley Water refinanced the outstanding portion of the 2003A Series Certificates of Participation to take advantage of a favorable interest rate market. Valley Water realized cost savings in three of the 5 watershed zones; North Central, Central, and East. In the three affected zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt will be used for voter approved projects in each zone. The refinancing resulted in slight insignificant changes to the debt obligation in the three affected zones which are reflected in Table 1.

DEBT OBLIGATION REFUNDING (2017)

In March, 2017 Valley Water refinanced the outstanding portion of the 2004A and 2007A Series Certificates of Participation to take advantage of a favorable interest rate market. Valley Water realized cost savings in four of the five watershed zones; Northwest, North Central, Central, and East. In the four affected zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt will be used for voter approved projects in each zone. The refinancing resulted in slight insignificant changes to the debt obligation in the four affected zones which are reflected in Table 1.

ONE TIME ADJUSTMENT TO BENEFIT ASSESSMENT DEBT OBLIGATION (2021)

There was a one-time reduction in the benefit assessment debt obligation for three zones in FY 2021 as shown on Table 1. This one-time reduction was caused by $1.1M excess debt service reserve funds resulting from decreased reserve requirements identified in FY 2019. For FY 2021 only, Table 1 reflects reductions to the benefit assessment debt obligation for the North Central, Central and East zones totaling $1.1M. Table 1 also shows the End of Year Principal balance schedule in aggregate for all zones.

REDUCTION TO BENEFIT ASSESSMENT DEBT OBLIGATION (2023)

There was a reduction in the benefit assessment debt obligation for three zones in FY 2024 as shown on Table 1. This slight reduction is due to utilizing $5M in debt service reserve funds that are mandated per bond covenants. These funds covered the final 2012A Series Certificates of Participation debt service payment in FY 2024 and result in overall lower debt service payments through FY 2030. Table 1 also shows the End of Year Principal balance schedule in aggregate for all zones.

Table 1
Flood Control Benefit Assessment
Debt Obligation Schedule*
& End of Year Principal Balance

Fiscal Year	Northwest Zone	North Central Zone	Central Zone	East Zone	South Zone	End of Year Principal Balance
	(Lower Peninsula)	(West Valley)	(Guadalupe)	(Coyote)	(Uvas-Llagas)	
2005	$4,683,279	$2,961,469	$6,266,733	$4,685,927	$762,874	$185,260,000
2006	$4,688,707	$2,968,562	$6,284,527	$4,693,154	$765,050	$177,940,000
2007	$4,693,280	$2,972,291	$6,293,598	$4,698,526	$766,599	$170,310,000
2008	$4,149,940	$2,811,030	$6,118,061	$4,209,282	$767,821	$170,200,000
2009	$4,694,211	$2,977,909	$6,309,876	$4,701,353	$769,058	$161,485,000
2010	$4,688,957	$2,973,939	$6,300,769	$4,697,090	$767,773	$152,440,000
2011	$4,667,239	$2,948,775	$6,237,262	$4,669,012	$758,733	$143,160,000
2012	$4,676,487	$2,958,686	$6,261,490	$4,682,321	$761,825	$133,440,000
2013	$4,680,768	$2,964,455	$6,276,483	$4,686,768	$764,034	$123,100,000
2014	$4,322,174	$2,502,568	$5,277,998	$4,206,085	$0	$115,045,000
2015	$4,305,891	$2,500,054	$5,227,748	$4,203,840	$0	$106,690,000
2016	$4,078,738	$2,277,005	$4,594,928	$3,970,919	$0	$99,060,000
2017	$4,082,042	$2,278,317	$4,598,392	$3,973,371	$0	$91,040,000
2018	$4,078,867	$2,277,292	$4,597,191	$3,970,971	$0	$82,655,000
2019	$4,079,626	$2,277,340	$4,598,072	$3,971,383	$0	$73,850,000
2020	$2,731,842	$2,277,595	$4,598,761	$3,972,284	$0	$65,705,000
2021	$2,735,024	$2,037,986	$3,995,628	$3,725,522	$0	$57,170,000
2022	$2,734,901	$2,279,421	$4,599,256	$3,975,980	$0	$48,260,000
2023	$2,730,584	$2,231,223	$4,480,020	$3,923,421	$0	$38,955,000
2024	$2,731,941	$819,513	$950,695	$2,459,231	$0	$29,235,000
2025	$2,731,077	$819,254	$910,590	$2,458,454	$0	$24,940,000
2026	$2,732,804	$819,772	$911,166	$2,460,008	$0	$20,425,000
2027	$2,731,817	$819,476	$910,837	$2,459,120	$0	$15,685,000
2028	$2,732,927	$819,809	$911,207	$2,460,119	$0	$10,710,000
2029	$2,733,298	$819,920	$911,330	$2,460,453	$0	$5,485,000
2030	$2,732,681	$819,735	$911,124	$2,459,897	$0	$0

*Based on debt service and requirements associated with debt covenants for the 2012A, and 2017A Series Certificates of Participation.

FLOOD CONTROL BENEFIT ASSESSMENTS

GENERAL PROVISIONS

State law allows the benefit assessments to be based on the proportionate amount of storm water runoff from each privately-owned parcel of property.

Consistent with this provision, Valley Water's Board has, with voter approval, established five benefit assessment land use categories, A through E, for parcels assessed within Valley Water's five flood control zones. These benefit assessment land use categories are as follows:

Land Use Category	Land Use
A	Commercial and industrial
B	Apartments, schools, and churches
C	Single family residential and small multiples (2-4 units), condominiums, and townhouses
D	Vacant land presently utilized for farming, vineyards, and crops
E	Urban: Nonutilized agricultural land, grazing land, salt ponds, undisturbed vacant land, and parcels used exclusively as well sites located in urban areas
	Rural: Non-utilized agricultural land, grazing land, undisturbed vacant land and parcels used exclusively as well sites located in rural areas

The assessment for an individual parcel in a given land use category is computed by multiplying the area of the parcel in acres by the appropriate assessment rate. If the computed assessment is less than the minimum assessment amount, the minimum assessment is used.

BENEFIT ASSESSMENT RATES FOR EACH ZONE

Each of the five flood control zones has an individual set of benefit assessment rates to meet respective debt obligations. These debt obligations, consisting of debt service payments and requirements associated with debt covenants are shown for all zones for each fiscal year in Table 1. Actual rates will be determined once annual land use information is received from the County Assessor in July. Historical rates for FY 2025-26 are shown in Table 2. Expected rates for FY 2026-27 are shown in Table 3. South Zone's debt obligation has been paid off and therefore the expected rates are zero.

FY 2025-26 BENEFIT ASSESSMENT RATES

Table 2 shows the benefit assessment rates levied in FY 2025-26.

Table 2

FY 2025–26 Assessments by Category and Zone

Land Use Categories	Flood Control Zones				
	Northwest (Lower Peninsula)	**North Central** (West Valley)	**Central** (Guadalupe)	**East** (Coyote)	**South** (Uvas-Llagas)
A - Commercial, Industrial					
Rate ($/Acre)	$212.38	$37.65	$33.36	$103.09	$0.00
Minimum Assessment (1)	$53.10	$9.41	$8.34	$25.77	$0.00
B - Apartment, Schools, Churches					
Rate ($/Acre)	$159.29	$28.24	$25.02	$77.32	$0.00
Minimum Assessment (1)	$39.82	$7.06	$6.26	$19.33	$0.00
C - Single Family Residential, Small Multiples (2-4 units), Condominiums, and Townhouses					
Rate ($/Acre)	(2)	(2)	(2)	(2)	(2)
Minimum Assessment (1)	$26.55	$4.71	$4.17	$12.89	$0.00
D - Utilized Agriculture					
Rate ($/Acre)	$1.33	$0.24	$0.21	$0.64	$0.00
Minimum Assessment (1)	$13.27	$2.35	$2.08	$6.44	$0.00
E Urban - Non-utilized Agricultural, grazing Land, Salt Ponds, Well Site in Urban Areas					
Rate ($/Acre)	$0.40	$0.07	$0.06	$0.19	$0.00
Minimum Assessment (1)	$3.98	$0.71	$0.62	$1.93	$0.00
E Rural - Non-utilized Agricultural, Grazing Land, Well Sites in Rural Areas					
Rate ($/Acre)	$0.05	$0.01	$0.01	$0.02	$0.00
Minimum Assessment (1)	$3.98	$0.71	$0.62	$1.93	$0.00

(1) The minimum assessments shown for Categories A, B, and C apply to parcels 1/4 acre or less in size. Category C parcels larger than 1/4 acre pay the minimum assessment for the first 1/4 acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E urban parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment for Group E rural parcels is the same as E urban but applies to parcels of 80 acres or less.

(2) Residential land in excess of 1/4 acre is assessed at the D rate.

EXPECTED FY 2026-27 BENEFIT ASSESSMENT RATES

Table 3 below shows the expected benefit assessment rates to be levied in FY 2026-27.

Table 3

Expected FY 2026–27 Assessments by Category and Zone

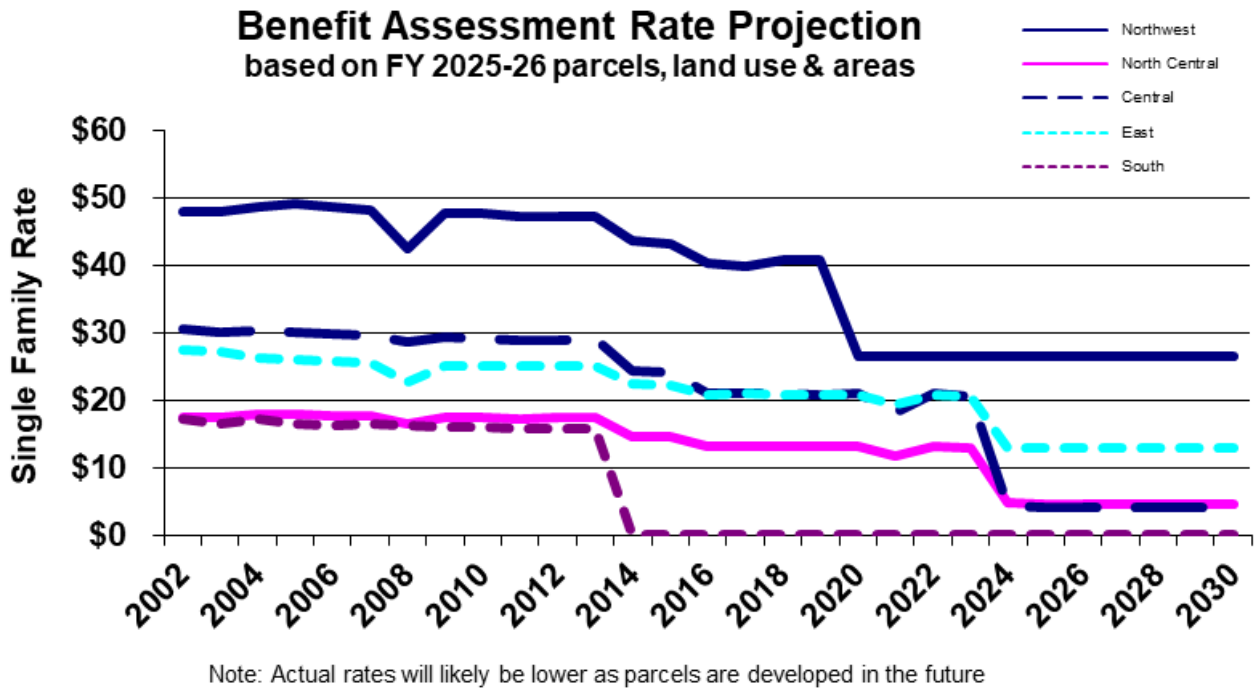
Land Use Categories	Flood Control Zones				
	Northwest (Lower Peninsula)	**North Central** (West Valley)	**Central** (Guadalupe)	**East** (Coyote)	**South** (Uvas-Llagas)
A - Commercial, Industrial					
Rate ($/Acre)	$212.30	$37.63	$33.34	$103.05	$0.00
Minimum Assessment (1)	$53.08	$9.40	$8.33	$25.76	$0.00
B - Apartment, Schools, Churches					
Rate ($/Acre)	$159.23	$28.22	$25.01	$77.29	$0.00
Minimum Assessment (1)	$39.80	$7.05	$6.25	$19.32	$0.00
C - Single Family Residential, Small Multiples (2-4 units), Condominiums, and Townhouses					
Rate ($/Acre)	(2)	(2)	(2)	(2)	(2)
Minimum Assessment (1)	$26.54	$4.70	$4.16	$12.88	$0.00
D - Utilized Agriculture					
Rate ($/Acre)	$1.33	$0.24	$0.21	$0.63	$0.00
Minimum Assessment (1)	$13.27	$2.35	$2.08	$6.43	$0.00
E Urban - Non-utilized Agricultural, grazing Land, Salt Ponds, Well Site in Urban Areas					
Rate ($/Acre)	$0.40	$0.07	$0.06	$0.18	$0.00
Minimum Assessment (1)	$3.98	$0.70	$0.62	$1.92	$0.00
E Rural - Non-utilized Agricultural, Grazing Land, Well Sites in Rural Areas					
Rate ($/Acre)	$0.05	$0.01	$0.01	$0.02	$0.00
Minimum Assessment (1)	$3.98	$0.70	$0.62	$1.92	$0.00

(1) The minimum assessments shown for Categories A, B, and C apply to parcels 1/4 acre or less in size. Category C parcels larger than 1/4 acre pay the minimum assessment for the first 1/4 acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E urban parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment for Group E rural parcels is the same as E urban but applies to parcels of 80 acres or less.

(2) Residential land in excess of 1/4 acre is assessed at the D rate.

PROJECTED BENEFIT ASSESSMENT RATES

A graph of projected benefit assessment rates, assuming the same parcels with the same land use and areas that existed in FY 2025-26, is shown below. This graph indicates how the rates will decrease over time as various series of Certificates of Participation are retired.



Note: Actual rates will likely be lower as parcels are developed in the future

ASSESSMENT ROLLS AND COLLECTION

The Benefit Assessment Act of 1982 provides that benefit assessments may be levied and collected by the County Tax Collector at the same time and in the same manner as the general tax levy.

Following adoption of the benefit assessment resolution for FY 2026-27 and subsequent years, Valley Water will prepare a separate assessment roll identifying each parcel of land subject to flood control benefit assessment for each flood control zone. For each parcel, the roll will list the assessor parcel number, owner's name, County land use code, Valley Water land use category, flood control zone, acreage and flood control benefit assessment based on the annual revenue requirement. This information will be available for review at Valley Water through the Clerk of the Board. Extractions from the benefit assessment roll showing parcel number and assessment amount will be forwarded to the County Tax Collector in early August to facilitate County collection of the flood control benefit assessments on the annual property tax bills.

Santa Clara Valley Water District

File No.: 26-0246

Agenda Date: 5/12/2026
Item No.: 3.8.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Authorizing the Issuance of Water System Refunding Bonds, Revenue Bonds, Refunding Notes, and Revenue Notes in an Aggregate Not-to-Exceed Amount of $600 Million to Finance Certain Costs of the Water Utility Enterprise, and Approving the Execution and Delivery of Certain Documents and Certain Acts In Connection Therewith; Adopt Resolutions Authorizing the Execution and Delivery of Tax and Revenue Anticipation Notes to Support Short-Term Obligations; and Adopt Resolutions of Intention to Issue Tax-Exempt Obligations for the Water Utility Enterprise, Safe, Clean Water Program, and Watershed and Stream Stewardship Projects.

RECOMMENDATION:

A. Adopt the Resolution AUTHORIZING THE ISSUANCE OF WATER SYSTEM REFUNDING REVENUE BONDS, REVENUE BONDS, REFUNDING NOTES, AND REVENUE NOTES, AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND CERTAIN ACTS IN CONNECTION THEREWITH;
B. Adopt the Resolution AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE AND A TAXABLE TAX AND REVENUE ANTICIPATION NOTE TO SUPPORT SHORT-TERM OBLIGATIONS;
C. Adopt the Resolution AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE NO. 2 TO SUPPORT SHORT-TERM OBLIGATIONS;
D. Adopt the Resolution INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WATER UTILITY ENTERPRISE;
E. Adopt the Resolution INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION AND WATERSHED AND STREAM STEWARDSHIP PROGRAMS;
F. Authorize the Chief Executive Officer, Chief Financial Officer, or their designees, to execute the Tax and Revenue Anticipation Notes and the Certificates as to uncollected taxes, income, revenue, cash receipts and other money;
G. Authorize the District Counsel, or their designee, to approve as to form the Tax and Revenue Anticipation Notes; and
H. Authorize and direct the Chief Executive Officer, Chief Financial Officer, or their designees, and such other officers and staff of the Santa Clara Valley Water District, acting singly, to do any and all things to execute and deliver any and all documents which such officers may deem

necessary or advisable in order to consummate the sale and delivery of the Refunding Revenue Bonds, Revenue Bonds, Refunding Notes, and Revenue Notes, and the ongoing administration thereof.

SUMMARY:
ISSUANCE OF WATER UTILITY DEBT

Staff recommends Board approval to issue debt up to $600 million for the Water Utility (WU) enterprise for the following purposes (Attachment 1: Resolution):

1. Refunding Bonds to refund:
    a. outstanding short-term obligations;
    b. all or a portion of the outstanding Series 2017A and 2019A bonds for savings; and
    c. all or a portion of the outstanding taxable Series 2016BD obligations for savings.
2. Revenue Notes to fund ongoing capital costs.
3. Refunding Notes and Revenue Bonds, as needed, based on capital market or other conditions.
4. Pay costs of issuance.

The Refunding Bonds, Revenue Notes, and any Refunding Notes and Revenue Bonds that may be issued are collectively referred to herein as the “Debt.”

Method of Sale

The Debt is recommended to be sold on a competitive basis, which is expected to result in the lowest overall financing cost. Staff will be placing Notice of Sale advertisements in the San Jose Post, El Observador, Chinese News, Vietnam Daily, as well as the Bond Buyer, the daily municipal bond newspaper, to ensure a broad and diverse audience of potential bidders is informed of the competitive sale. The Notice of Sale will specify minimum qualifications as follows: (1) the firm must be in compliance with the Santa Clara Valley Water District (Valley Water) Board of Directors’ Executive Limitation (EL) 4.7.7 which requires an environmental, social and governance (ESG) rating of medium or better (small local firms are exempt); and (2) the firm is currently qualified in the California State Treasurer’s Office underwriter pool.

Financing Plan

The Debt will be secured by a pledge of and lien under the Water Utility System Parity Master Resolution (16-10) on Water Utility System Revenues and is payable from Net Water Utility Revenues. The authority to issue the Refunding Bonds and any Refunding Notes is provided for in Sections 53580-53589.5 of the California Government Code. The authority to issue the Revenue Notes and any Revenue Bonds is provided for in Section 25.2 of the District Act and Sections 54300 et. seq. of the California Government Code. The Refunding Bonds are expected to be issued with a maximum 30-year repayment term. The Revenue Notes are currently structured to mature in

December 2029, to fund capitalized interest for the term of the notes, and are anticipated to be paid at or prior to maturity from proceeds of a refunding issuance or other available funds.

Outstanding debt previously issued under the Parity Master Resolution ("Parity Debt") is currently rated 'AA+' by Fitch Ratings ("Fitch") and 'Aa1' by Moody's Investors Service ("Moody's), both one-notch below the highest possible ratings of 'AAA' and 'Aaa,' respectively. Staff will be requesting ratings for the Debt from Fitch and Moody's and anticipates receiving similar high-grade credit ratings for this transaction.

Board approval of the Resolution does not commit Valley Water to a definite course of action with regard to any particular project and does not limit Valley Water in exercising any discretion following California Environmental Quality Act (CEQA) review of the project, including (i) considering other feasible alternatives and mitigation measures to avoid or minimize project impacts, (ii) making modifications deemed necessary to reduce project impacts, or (iii) determining not to proceed with one or more components of a project. Additionally, approval of the recommended actions does not obligate Valley Water to approve the construction of any of the projects.

Estimated Sources and Uses of Bond Proceeds

The estimates of sources and uses of funds for the Bonds are set forth below. The amount of each type of debt may be adjusted to reflect business needs and market conditions at the time of issuance.

	Refunding and Revenue Bonds 2026AB (excluding Taxable 2016 Obligations)	**Refunding Revenue Bonds 2026B (Taxable 2016 Obligations only)**	**Revenue Notes 2026C**	**Total**
SOURCES				
Principal Amount	$ 362,150,000	$ 93,065,000	$ 108,530,000	$ 563,745,000
Premium	17,965,686	--	8,528,287	26,493,973
Total	**$ 380,115,686**	**$ 93,065,000**	**$ 117,058,287**	**$ 590,238,973**
USES				
Repay Short-Term Debt	$ 327,180,000	$ --	$ --	**$ 327,180,000**
Refund 2017A and 2019A Bonds	50,999,124	--	--	**50,999,124**
Refund 2016 Debt	--	92,575,851	--	**92,575,851**
Capitalized Interest	--	--	16,472,503	**16,472,503**
New Project Funds	--	--	100,000,000	**100,000,000**
Underwriters' Fee*	1,448,600	372,260	434,120	**2,254,980**

Costs of Issuance	487,962	116,889	151,664	**756,515**
Total	**$ 380,115,686**	**$ 93,065,000**	**$ 117,058,287**	**$ 590,238,973**

*Reflects a conservative assumption of the underwriters' fee that is subject to the competitive bid of the winning firm.

Good Faith Estimated Costs

Refunding Revenue Bonds, Series 2026A and 2026B (not including Taxable 2016 Obligations)

Pursuant to California Government Code Section 5852.1, the good faith estimates are as follows: (1) the true interest cost is currently estimated to be 4.80%; (2) the finance charge (which means the sum of all fees and charges paid to third parties) is estimated to be $1,936,562; (3) the amount of proceeds received by Valley Water (which is net of the finance charge) is estimated to be $378,179,124; and (4) the total payment amount (which means the sum of all debt service payments to the final maturity) is estimated to be $688,893,505.

Refunding Revenue Bonds, Series 2026B (Taxable 2016 Obligations Only)

Board approval of the refunding of the Taxable 2016 Obligations would give Valley Water the option to refund these bonds should market conditions change at the time of the bond sale, thereby producing economic savings. Pursuant to California Government Code Section 5852.1, the good faith estimates, assuming interest rates reduce uniformly by approximately 1.66% compared to current market rates, are as follows: (1) the true interest cost is currently estimated to be 3.94%; (2) the finance charge (which means the sum of all fees and charges paid to third parties) is estimated to be $489,149; (3) the amount of proceeds received by Valley Water (which is net of the finance charge) is estimated to be $92,575,581; and (4) the total payment amount (which means the sum of all debt service payments to the final maturity) is estimated to be $136,757,719. The refunding of the Taxable 2016 Obligations will not occur unless market rates are sufficiently reduced to result in a true interest cost of 3.94% or lower.

Revenue Notes, Series 2026C

Pursuant to California Government Code Section 5852.1, the good faith estimates are as follows: (1) the true interest cost is currently estimated to be 2.58%; (2) the finance charge (which means the sum of all fees and charges paid to third parties) is estimated to be $585,784; (3) the amount of proceeds received by Valley Water (which is net of the finance charge and capitalized interest) is estimated to be $100,000,000; and (4) the total payment amount (which means the sum of all debt service payments to the final maturity net of amounts paid with capitalized interest) is estimated to be $108,530,000.

The estimates provided above are based on market conditions as of March 18, 2026, for tax-exempt and taxable debt, plus a 0.50% market rate buffer. Actual results will differ depending on market conditions on the pricing date currently targeted in August 2026.

Financing Documents

The following financing documents, in substantially final form, are attached as follows for Board review: Indenture of Trust, Continuing Disclosure Agreement, and 2017A/2019A Escrow Agreements (Attachment 6: Financing Documents, Series 2026AB); Indenture of Trust and Continuing Disclosure Agreement (Attachment 7: Financing Documents, Series 2026C); and Notice of Sale of the Debt (Attachment 8: Financing Document, Notice of Sale).

Additionally, an agreement with the trustee to provide annual reporting of the amount of purified water produced and allocated to public use by Valley Water is attached (Attachment 9: Financing Document, Purified Water). This agreement was approved by Resolution No. 2026-03, adopted by the Board on January 27, 2026, and is required to maintain the tax-exempt status of debt issued by Valley Water for the direct potable reuse project.

Issuance Costs

The estimated total costs of issuance, if all the authorized bonds and other obligations are issued, in the amount of $756,515, will be paid from the proceeds of the debt issuances upon or shortly after closing:

Description	**Estimate**
Rating Fees (Fitch/Moody's)	$ 405,000
Bond Counsel	205,000
Municipal Advisor	82,130
Trustee	25,000
Printing (Official Statement)	5,000
Bond Buyer Ad	2,500
Verification Agent	2,000
Contingency	23,370
Total	**$ 750,000**

Additionally, underwriting costs of approximately $2,254,980, which are dependent on the amount bid for the Bonds, will be retained at closing by the winning firm.

Financing Schedule

The anticipated financing schedule is summarized below; it is preliminary and subject to change based on market conditions and business needs.

Description	**Date**
Board Meeting - Financing Plan/Documents	May 12, 2026
Board Meeting - Preliminary Official Statement	August 11, 2026
Receive Credit Ratings	August 12, 2026
Post Preliminary Official Statement	August 14, 2026
Pricing	August 25, 2026
Closing	September 9, 2026

Preliminary Official Statement

Staff anticipates presenting the Preliminary Official Statement for Board approval in August 2026. As the primary securities offering document to potential investors, the Preliminary Official Statement (POS) contains all material information relevant to the Debt and the security thereof. Valley Water's Board and executive team are responsible for ensuring that no material facts are omitted or misstated in the POS in accordance with federal securities laws and disclosure requirements outlined in the Valley Water Debt Management Policy (Attachment 10: Debt Management Policy).

TAX AND REVENUE ANTICIPATION NOTES

Each fiscal year, the Board is legally required to adopt a new resolution reauthorizing the execution and delivery of Tax and Revenue Anticipation Notes (the "TRANs") to support Valley Water's Revolving Line of Credit (Attachment 2: Resolution, FY27 TRANs). The combined amount of the two FY 2026-27 TRANs exceeds the Revolving Line of Credit commitment, allowing greater flexibility in issuing more revolving certificates of a particular tax status (i.e., tax-exempt vs. taxable). Debt proceeds from the Revolving Line of Credit may be used for any Valley Water purposes, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

Board Resolution (Resolution 20-11) was adopted on April 28, 2020, and provides for up to $200 million in revolving lines of credit and the ongoing administration of the facility, including extensions. The TRANs issued last year for FY 2025-26 totaled $150 million, matching the Revolving Line of Credit commitment at the time. On March 30, 2026, the Revolving Line of Credit commitment was increased from $150 million to $200 million to provide additional short-term debt capacity for Valley Water's growing Capital Improvement Program, and the term of the commitment was extended to April 30, 2029. Due to the $50 million increase in the commitment and the short-term debt issuance plan, an additional FY 2025-26 Tax-Exempt TRAN needs to be issued to support drawings on the Revolving Line of Credit (Attachment 3: Resolution, FY26 TRAN No. 2).

The obligation of Valley Water to make payments of principal and interest on the TRANs is a general obligation of Valley Water. Valley Water has also pledged Net Water Utility System Revenues of Valley Water on a subordinate basis to the payment of bonds and contracts (i.e., the Debt) of Valley Water to additionally secure the payment of the principal of and interest on the TRANs, all in accordance with the Water Utility Parity System Master Resolution No. 16-10 adopted by the Board of Directors on February 23, 2016, as amended from time to time.

In addition to the $200 million Revolving Line of Credit, Valley Water Board previously authorized a $250 million Commercial Paper (CP) program, supported by a Letter of Credit from the Sumitomo Mitsui Banking Corporation (SMBC) on October 22, 2024 (Resolution 24-49). The Revolving Line of Credit and CP are good sources of low-cost, short-term debt issued at variable interest rates.

The long-term strategy is to issue short-term debt to provide just-in-time funding for capital expenditures, thereby minimizing interest costs. As outstanding short-term debt reaches its capacity,

it is refinanced with long-term debt to be repaid over the life of the improvements.

INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS

Board approval of the resolution of intention to issue tax-exempt obligations is legally required to allow Valley Water to finance eligible capital costs of the WU enterprise (Attachment 4: Resolution, WU), Safe, Clean Water and Natural Flood Protection (SCW) Program and Watershed and Stream Stewardship Fund (WS) (Attachment 5: Resolution, SCW/WS). The estimated not-to-exceed amounts to be financed conform to FY 2026-27 projected capital improvement costs of $498.9 million for the WU enterprise and $242.4 million for the combined SCW Program and WS Fund, subject to Board approval of the FY 2027-31 Capital Improvement Program in May 2026.

ESG POLICY AND LOCAL INVESTMENTS

The Board's Executive Limitation 4.7.7 stipulates that Valley Water can only do business with banks that have an ESG risk rating of average/medium or better from at least one professional ESG research company. Small and local banks/credit unions located within the nine Bay Area counties with total assets of $10 billion or less are exempt from this provision. Staff verifies ESG compliance with the banks with which Valley Water does business, including investment banks in the bond underwriting pool. Additionally, Valley Water has expanded its support of local community banks through the following investments:

- $65 million in deposits with various small, local banks.
- Three letters of credit issued by San Jose-based Technology Credit Union totaling $841,000 to meet the U.S. Army Corps' financial assurance requirements for the operations of Upper Penitencia, Coyote Ridge, and Rancho Cañada de Pala Preserve watershed projects.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:
The estimated total costs of issuance in the amount of $756,515 plus underwriter's fees of approximately $2,2554,980 will be paid from the proceeds of the debt issuance. The Board-adopted FY 2025-26 operating budget, and the proposed FY 2026-27 operating budget includes sufficient funds for the short- and long-term debt programs.

Based on market rates as of March 18, 2026: (a) the refunding of the tax-exempt 2017A and 2019A Bonds is estimated to result in annual debt service savings of $341,000, and $7.8 million in total savings over the life of the obligations; and (b) the refunding of the taxable 2016 Obligations, assuming interest rates decrease by approximately 1.66% compared to current market rates, is estimated to result in annual debt service savings of $200,000, and $4.0 million in total savings over the life of the obligations. Actual results will differ and depend on market conditions on the pricing date currently targeted for August 2026.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment, as outlined in the State CEQA Guidelines, Section 15060(c)(2).

ATTACHMENTS:
Attachment 1: Resolution, Water System
Attachment 2: Resolution, FY27 TRANs
Attachment 3: Resolution, FY26 TRAN No. 2
Attachment 4: Resolution, WU
Attachment 5: Resolution, SCW/WS
Attachment 6: Financing Documents, Series 2026AB
Attachment 7: Financing Documents, Series 2026C
Attachment 8: Financing Document, Notice of Sale
Attachment 9: Financing Document, Purified Water
Attachment 10: Debt Management Policy

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-25

AUTHORIZING THE ISSUANCE OF WATER SYSTEM REFUNDING REVENUE BONDS, REVENUE BONDS, REFUNDING NOTES, AND REVENUE NOTES, AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND CERTAIN ACTS IN CONNECTION THEREWITH

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

WHEREAS, Valley Water has previously financed and refinanced the planning, design, acquisition and/or construction of certain capital improvements to the water utility system equipment and facilities of Valley Water by causing the issuance of its Water System Refunding Revenue Bonds, Taxable Series 2016B (the "Outstanding 2016 Bonds"), Water System Refunding Revenue Bonds, Series 2017A (the "Outstanding 2017 Bonds") and its Water System Refunding Revenue Bonds, Series 2019A (the "Outstanding 2019 Bonds") and the execution and delivery of its Revenue Certificates of Participation (Water Utility System Improvement Projects) Taxable Series 2016D (the "Outstanding 2016 Certificates"); and

WHEREAS, Valley Water has previously financed the planning, design, acquisition and/or construction of certain capital improvements to the water utility system through the execution and delivery of various outstanding short-term certificates of participation or the issuance of various outstanding short-term notes (collectively, the "Outstanding Short-Term Obligations"); and

WHEREAS, Valley Water has determined that it would be in the best interests of Valley Water and citizens of the community to authorize refunding bonds in one or more series (the "Refunding Bonds") and refunding notes in one or more series (the "Refunding Notes") pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Bond Law") to refund or refinance, as applicable, all or a portion of the Outstanding 2016 Bonds, the Outstanding 2016 Certificates, the Outstanding 2017 Bonds, the Outstanding 2019 Bonds and the Outstanding Short-Term Obligations; and

WHEREAS, pursuant to the Santa Clara Valley Water District Act, as amended by Assembly Bill 939 (as amended, the "District Act"), Valley Water is authorized to issue revenue bonds to finance the planning, design, acquisition and/or construction by Valley Water of certain capital improvements to the water utility system of Valley Water to provide water service and purification, groundwater protection and dam safety; and

WHEREAS, the Board of Directors of Valley Water (the "Board") proposes to plan, design, acquire or construct additional water utility system capital improvements and to reimburse Valley Water for costs previously expended to plan, design, acquire or construct certain water utility system capital improvements; and

WHEREAS, Valley Water has determined that it would be in the best interests of Valley Water and citizens of the community to issue revenue bonds and/or revenue notes in one or more series (the "Revenue Bonds" and "Revenue Notes," respectively) pursuant to the District Act and the Revenue Bond Law of 1941 (commencing with Section 54300 of the Government Code), as supplemented by the District Act (the "Bond Law"), to finance the planning, design, acquisition and/or construction of, and to reimburse the costs of, facilities for water service and purification, groundwater protection and dam safety; and

WHEREAS, it is proposed that each series of Refunding Bonds, Refunding Notes, Revenue Bonds and Revenue Notes be sold in competitive sales pursuant to official notices of sale unless otherwise determined in accordance with this Resolution; and

WHEREAS, as to projects for which Valley Water has not yet completed its review and approval in accordance with the California Environmental Quality Act ("CEQA"), adoption of this Resolution to authorize execution of the agreements and documents referred to in this Resolution and implementation of actions necessary to accomplish the intention of this Resolution do not commit Valley Water to a definite course of action with regard to any particular project and do not limit Valley Water in exercising any discretion following CEQA review of the project, including (i) considering other feasible alternatives and mitigation measures to avoid or minimize project impacts, (ii) making modifications deemed necessary to reduce project impacts, or (iii) determining not to proceed with one or more component of a project; and

WHEREAS, Valley Water desires to authorize the sale and delivery of the Refunding Bonds, Refunding Notes, Revenue Bonds and Revenue Notes as set forth in this Resolution, provided that the aggregate principal amount of such obligations shall not exceed $600,000,000; and

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

Section 1. **Authorization of Refunding Bonds**. This Board hereby authorizes the issuance, sale and delivery of one or more series of Refunding Bonds in accordance with the Refunding Bond Law and the terms and provisions of the Indenture of Trust with respect to the Refunding Bonds referred to in Section 2 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Refunding Bonds shall be expended are to pay all or a portion of the Outstanding Short-Term Obligations, the Outstanding 2016 Bonds, the Outstanding 2016 Certificates, the Outstanding 2017 Bonds and the Outstanding 2019 Bonds, and to pay the costs of the sale and delivery of the Refunding Bonds.

Section 2. **Refunding Bonds Documents.** The Indenture of Trust and Continuing Disclosure Agreement with respect to the Refunding Bonds, in substantially the forms on file with Valley Water, are hereby approved. The Chief Executive Officer (or any acting or interim of such position, the "Chief Executive Officer"), the Chief Financial Officer and the Clerk of the Board or the designee of each of the foregoing (each an "Authorized Officer" and together the "Authorized Officers"), are hereby each individually authorized and directed to execute and deliver the Indenture of Trust and Continuing Disclosure Agreement with respect to the Refunding Bonds with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 3. **Authorization of Revenue Bonds**. This Board hereby authorizes the issuance, sale and delivery of one or more series of Revenue Bonds in accordance with the Bond Law and the terms and provisions of the Indenture of Trust with respect to the Revenue Bonds referred to in Section 4 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Revenue Bonds shall be expended are to finance the planning, design, acquisition and/or construction by Valley Water of certain capital improvements to the water utility system of Valley Water to provide water service and purification, groundwater protection and dam safety and to reimburse Valley Water for, and/or refinance, costs previously expended to plan, design, acquire and/or construct such water utility system capital improvements as described in the related Indenture of Trust, and to pay the costs of the sale and delivery of the Revenue Bonds.

Section 4. **Revenue Bonds Documents**. Each Authorized Officer is individually authorized to cause one or more Indentures of Trust and Continuing Disclosure Agreements with respect to the Revenue Bonds, in substantially the forms of the Indenture of Trust and Continuing Disclosure Agreement authorizing the Refunding Bonds referred to in Section 2 above. Each Authorized Officer is individually authorized and directed to execute and deliver such Indentures of Trust and Continuing Disclosure Agreements with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 5. **Authorization of Revenue Notes**. This Board hereby authorizes the issuance, sale and delivery of one or more series of Revenue Notes in accordance with the Bond Law and the terms and provisions of the Indenture of Trust with respect to the Revenue Notes referred to in Section 6 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Revenue Notes shall be expended are to finance the planning, design, acquisition and/or construction by Valley Water of certain capital improvements to the water utility system of Valley Water to provide water service and purification, groundwater protection and dam safety and to reimburse Valley Water for, and/or refinance, costs previously expended to plan, design, acquire and/or construct such water utility system capital improvements as described in the related Indenture of Trust, and to pay the costs of the sale and delivery of the Revenue Notes.

Section 6. **Revenue Notes Documents.** The Indenture of Trust and Continuing Disclosure Agreement with respect to the Revenue Notes, in substantially the forms on file with Valley Water, are hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Indenture of Trust and Continuing Disclosure Agreement with respect to the Revenue Notes with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 7. **Authorization of Refunding Notes**. This Board hereby authorizes the issuance, sale and delivery of one or more series of Refunding Notes in accordance with the Refunding Bond Law and the terms and provisions of the Indenture of Trust with respect to the Refunding Notes referred to in Section 8 below and the Water Utility Parity System Master Resolution, the interest on which may be taxable or tax-exempt. The purposes for which the proceeds of the sale of the Refunding Notes shall be expended are to pay all or a portion of the Outstanding Short-Term Obligations, and to pay the costs of the sale and delivery of the Refunding Notes.

Section 8. **Refunding Notes Documents.** Each Authorized Officer is individually authorized to cause one or more Indentures of Trust and Continuing Disclosure Agreements with respect to the Refunding Notes, in substantially the forms of the Indenture of Trust and Continuing Disclosure Agreement authorizing the Revenue Notes referred to in Section 6 above. Each Authorized Officer is individually authorized and directed to execute and deliver such Indentures of Trust and Continuing Disclosure Agreements with such other changes (including changes as necessary to reflect the Outstanding Short-Term Obligations), insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 9. **Notices of Sale.** One or more Notices of Sale relating to the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes in substantially the form on file with Valley Water, are hereby approved, with such changes, insertions and omissions as may be approved by an Authorized Officer or the designee thereof. Each Authorized Officer or

the designee thereof is individually authorized and directed to cause to be published notices of intention to sell the Refunding Bonds, the Refunding Notes, the Revenue Bonds or the Revenue Notes (a) once at least five (5) days prior to the date set for receipt of bids, in a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders, in accordance with Section 53692 of the California Government Code, and/or (b) once at least ten (10) days prior to the date set for receipt of bids in a newspaper of general circulation circulated within the boundaries of Valley Water's service area, in accordance with Section 53583(c)(2)(A) of the California Government Code, as applicable. The Authorized Officers or the Treasury and Debt Officer, in cooperation with Public Resources Advisory Group, as Municipal Advisor, shall cause the applicable Notice of Sale to be circulated among prospective bidders.

As an alternative to competitive sales, if an Authorized Officer determines to sell any of the Refunding Bonds, the Refunding Notes, the Revenue Bonds or the Revenue Notes by one or more negotiated sales, each Authorized Officer is individually authorized and directed to execute and deliver one or more purchase contracts for such sales in substantially the forms approved by this Board pursuant to Resolution No. 22-105 adopted on November 8, 2022, with the underwriters to be named therein as determined by an Authorized Officer, and with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 10. **Total Principal Amount Authorized**. The aggregate principal amount of the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes as authorized by this Resolution shall not exceed $600,000,000.

Section 11. **Escrow Agreements**. The Escrow Agreement relating to the Outstanding 2017 Bonds and the Escrow Agreement relating to the Outstanding 2019 Bonds (collectively, the "Escrow Agreements"), in substantially the forms on file with Valley Water and, upon execution as authorized below, made a part hereof as though set forth in full herein, are hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Escrow Agreements with respect to the Outstanding 2017 Bonds and the Outstanding 2019 Bonds to be refunded, with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 12. **Payment of Outstanding 2016 Bonds, Outstanding 2016 Certificates, Outstanding 2017 Bonds, Outstanding 2019 Bonds and Outstanding Short-Term Obligations.** Each Authorized Officer and such other officers and staff of Valley Water are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to pay all or a portion of the Outstanding Short-Term Obligations, the Outstanding 2016 Bonds, the Outstanding 2016 Certificates, the Outstanding 2017 Bonds and the Outstanding 2019 Bonds from a portion of the proceeds of the Refunding Bonds and to pay all or a portion of the Outstanding Short-Term Obligations from a portion of the proceeds of the Refunding Notes, if any.

Section 13. **Trustee**. U.S. Bank Trust Company, National Association is hereby appointed to act as trustee under the Indenture of Trusts with respect to the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes.

Section 14. **Good Faith Estimate of Certain Costs**. The Board acknowledges that the good faith estimates of certain costs required by Section 5852.1 of the California Government Code with respect to each of the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

Section 15. **Other Actions**. The Authorized Officers and such other officers and staff of Valley Water are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes, and the delivery of the documents approved by this Resolution with respect thereto, and otherwise effectuate the purposes of this Resolution, and such actions in connection therewith previously taken by such officers and staff are hereby ratified and confirmed.

Section 16. **Definitions**. Unless otherwise defined in this Resolution, all terms used by the Resolution and not otherwise defined shall have the meanings given to such terms in the Indenture of Trusts with respect to the Refunding Bonds, the Refunding Notes, the Revenue Bonds and the Revenue Notes, as applicable, unless the context otherwise clearly requires.

Section 17. **Effect**. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

Affix Seal Here

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

DATED: May 12, 2026

_____
Candice Kwok-Smith
Clerk, Board of Directors

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-26

AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE AND A TAXABLE TAX AND REVENUE ANTICIPATION NOTE TO SUPPORT SHORT-TERM OBLIGATIONS

WHEREAS, the Board of Directors of the Santa Clara Valley Water District ("Valley Water"), a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California ("State"), has previously undertaken a short-term financing program; and

WHEREAS, in order to continue the short-term financings from time to time, Valley Water has determined to issue in fiscal year 2026-2027 tax-exempt tax and revenue anticipation notes ("Tax-Exempt Notes") and taxable tax and revenue anticipation notes (the "Taxable Notes," and together with the Tax-Exempt Notes, the "Notes") in a combined aggregate principal amount not to exceed $300,000,000 pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code on the terms set forth herein.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section have the meanings herein specified.

"Authorized Officer" means each of the Chief Executive Officer, the Chief Financial Officer and the Clerk of the Board or the designee of each of the foregoing.

"Authorizing Law" means Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code.

"Bonds" means all revenue bonds or notes of Valley Water authorized, executed, issued and delivered by Valley Water, which are secured by a pledge of and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(d) of the Master Resolution.

"Chief Executive Officer" means the duly-appointed Chief Executive Officer or any duly appointed Acting or Interim Chief Executive Officer of Valley Water.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

"Contract" means all installment purchase agreements or other contracts of Valley Water authorized and executed by Valley Water, which are secured by a pledge and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(d) of the Master Resolution.

"Master Resolution" means the Water Utility Parity System Master Resolution No. 16-10 adopted by the Board of Directors of Valley Water on February 23, 2016, as amended.

"Net Water Utility System Revenues" has the meaning set forth in the Master Resolution.

"Notes" means the Tax-Exempt Notes and the Taxable Notes.

"Regulations" means the income tax regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time, including temporary regulations, to the extent applicable.

"Tax-Exempt Notes" means the Santa Clara Valley Water District 2026-2027 Tax-Exempt Tax and Revenue Anticipation Notes to be issued hereunder.

"Taxable Notes" means the Santa Clara Valley Water District 2026-2027 Taxable Tax and Revenue Anticipation Notes to be issued hereunder.

"Valley Water" means the Santa Clara Valley Water District.

"Water Utility System Revenues" has the meaning set forth in the Master Resolution.

SECTION 2. ISSUANCE OF THE NOTES; AMOUNT; TERMS; INTEREST RATE; PLACE OF PAYMENT; USE OF PROCEEDS

Pursuant to the Authorizing Law, the Tax-Exempt Notes and the Taxable Notes shall be issued in a combined aggregate principal amount not to exceed $300,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of Valley Water which will be available for the payment therefor. A certificate of an Authorized Officer certifying to such effect, in the form attached hereto as "Exhibit B," shall be completed on or prior and as a condition to, the delivery of the Notes. The Tax-Exempt Notes shall be designated "Santa Clara Valley Water District 2026-2027 Tax-Exempt Tax and Revenue Anticipation Notes" and the Taxable Notes shall be designated "Santa Clara Valley Water District 2026-2027 Taxable Tax and Revenue Anticipation Notes." The Notes shall be dated the date of issuance thereof. The Notes shall be payable at the office of Valley Water at such times and in such amounts as set forth in the respective Notes. The Notes shall mature and be payable no later than October 1, 2027. The Notes shall bear a rate of interest which shall be determined on the date of issuance of the short-term obligations to which such Notes are pledged and shall be a rate which when multiplied by the principal amount of such Notes outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which such Notes are pledged outstanding on such date and shall be payable in accordance with the terms thereof. Each Note shall be prepayable in whole or in part on any day on which the short-term obligations to which such Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of the Notes will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

SECTION 3. EXECUTION OF THE NOTES

Each Authorized Officer is hereby authorized and directed to sign the Notes, by such officer's manual, printed, lithographed or facsimile signatures.

SECTION 4. FORM OF THE NOTES

The Notes shall be issued in substantially the form set forth in "Exhibit A" attached hereto and incorporated herein and may be issued in typewritten form.

SECTION 5. PAYABLE FROM NET WATER UTILITY SYSTEM REVENUES

The obligation of Valley Water to make payments of principal of and interest on the Notes is a general obligation of Valley Water. Valley Water hereby pledges Net Water Utility System Revenues of Valley Water on a subordinate basis to all payment of Bonds and Contracts of Valley Water to additionally secure the portion of the payment of the principal of and interest on the Notes which support short-term obligations, all in accordance with the Master Resolution. Valley Water may pledge Net Water Utility System Revenues of Valley Water on a subordinate basis to all payment of Bonds and Contracts of Valley Water to additionally secure the portion of the payment of the principal of and interest on the Notes which support other short-term obligations, such pledge to be set forth in such short-term obligations. The Notes do not constitute a debt of Valley Water or the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

SECTION 6. CERTIFIED COPIES

The Valley Water Clerk of the Board shall provide a certified copy of this document to the Chief Executive Officer or Chief Financial Officer who shall take such action as shall be necessary to assure compliance by Valley Water with the terms and conditions hereof.

SECTION 7. EFFECTIVE DATE

This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Affix Seal Here

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: _____
CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A
COVERSHEET

SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE
AND 2026-2027 TAXABLE TAX AND REVENUE ANTICIPATION NOTE

No. of Pages: 2

Exhibit Attachments: None

EXHIBIT A

SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE

FOR VALUE RECEIVED, the Santa Clara Valley Water District ("Valley Water") acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation ("Corporation") $150,000,000 in lawful money of the United States of America, on October 1, 2027, together with interest thereon at the offices of Valley Water in like lawful money from the date hereof until payment in full of said principal sum. Interest on this Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of this Note outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which the Note is pledged outstanding on such day. Interest on this Note shall be payable on any date on which interest is payable with respect to the short-term obligations to which this Note is pledged. This Note shall be prepayable in whole or in part on any day on which the Corporation notifies Valley Water that the principal with respect to the short-term obligations to which this Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of this Note will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of Valley Water, does not exceed any limit prescribed by the Constitution or laws of the State.

This Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by Valley Water for fiscal year 2026-2027 and which are lawfully available for the payment of current expenses and other obligations of Valley Water. The obligation of Valley Water to make payments of principal of and interest on this Note is a general obligation of Valley Water. The portion of payments on this Note which support the short-term financing program is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution adopted by the Board of Directors of Valley Water on May 12, 2026, authorizing the issuance of this Note). The portion of payments on this Note which support other short-term obligations may also be payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts to the extent set forth in such short-term obligation. This Note does not constitute a debt of Valley Water or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or their designee, and the General Counsel or the General Counsel's designee, all as of July 1, 2026.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Melanie Richardson
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Mark Poole
Senior Assistant District Counsel

SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAXABLE TAX AND REVENUE ANTICIPATION NOTE

FOR VALUE RECEIVED, the Santa Clara Valley Water District ("Valley Water") acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation ("Corporation") $150,000,000 in lawful money of the United States of America, on October 1, 2027, together with interest thereon at the offices of Valley Water in like lawful money from the date hereof until payment in full of said principal sum. Interest on this Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of this Note outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which this Note is pledged outstanding on such day. Interest on this Note shall be payable on any date on which interest is payable with respect to the short-term obligations to which this Note is pledged. This Note shall be prepayable in whole or in part on any day on which the Corporation notifies Valley Water that the principal with respect to the short-term obligations to which this Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of this Note will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of Valley Water, does not exceed any limit prescribed by the Constitution or laws of the State.

This Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by Valley Water for fiscal year 2026-2027 and which are lawfully available for the payment of current expenses and other obligations of Valley Water. The obligation of Valley Water to make payments of principal of and interest on this Note is a general obligation of Valley Water. The portion of payments on this Note which support the short-term financing program is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution adopted by the Board of Directors of Valley Water on May 12, 2026, authorizing the issuance of this Note). The portion of payments on this Note which support other short-term obligations may also be payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts to the extent set forth in such short-term obligation. This Note does not constitute a debt of Valley Water or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or their designee, and the General Counsel or the General Counsel's designee, all as of July 1, 2026.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Melanie Richardson
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Mark Poole
Senior Assistant District Counsel

EXHIBIT B
COVERSHEET

$300,000,000
SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX AND REVENUE ANTICIPATION NOTES
CALCULATION OF 85 PERCENT AMOUNT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT B

$300,000,000
SANTA CLARA VALLEY WATER DISTRICT
2026-2027 TAX AND REVENUE ANTICIPATION NOTES
CALCULATION OF 85 PERCENT AMOUNT

Pursuant to the Authorizing Law, the Tax-Exempt Notes and the Taxable Notes shall be issued in a combined aggregate principal amount not to exceed $300,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the Santa Clara Valley Water District ("Valley Water"), as determined by the following calculation:

FY 2026-27 Valley Water-wide Estimated Uncollected Taxes, Income, Revenue, Cash Receipts and Other Money[1] (A)	$805,600,000
FY 2026-27 Tax and Revenue Anticipation Notes:	
Principal Amount of the Notes[2]	$300,000,000
Interest on the Notes[3]	45,700,000
Total (B)	$345,700,000
Percentage (B)/(A)	42.91%

Dated: July 1, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Darin Taylor
Chief Financial Officer

[1] Source*: FY 2026-27 Preliminary Budget.*
[2] Up to $150 million in Tax-Exempt Notes and $150 million of Taxable Notes may be issued to support the short-term obligations.
[3] Assumes maximum interest rate of 12% calculated based on actual/360-day basis.

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-27

AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE NO. 2 TO SUPPORT SHORT-TERM OBLIGATIONS

WHEREAS, the Board of Directors of the Santa Clara Valley Water District ("Valley Water"), a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California ("State"), has previously undertaken a short-term financing program; and

WHEREAS, in order to continue the short-term financings from time to time, Valley Water has determined to issue in fiscal year 2025-2026 an additional tax-exempt tax and revenue anticipation note in an aggregate principal amount not to exceed $50,000,000 pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code on the terms set forth herein.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section have the meanings herein specified.

"Authorized Officer" means each of the Chief Executive Officer, the Chief Financial Officer and the Clerk of the Board or the designee of each of the foregoing.

"Authorizing Law" means Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code.

"Bonds" means all revenue bonds or notes of Valley Water authorized, executed, issued and delivered by Valley Water, which are secured by a pledge of and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(d) of the Master Resolution.

"Chief Executive Officer" means the duly-appointed Chief Executive Officer or any duly appointed Acting or Interim Chief Executive Officer of Valley Water.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

"Contract" means all installment purchase agreements or other contracts of Valley Water authorized and executed by Valley Water, which are secured by a pledge and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(d) of the Master Resolution.

"Master Resolution" means the Water Utility Parity System Master Resolution No. 16-10 adopted by the Board of Directors of Valley Water on February 23, 2016, as amended.

"Net Water Utility System Revenues" has the meaning set forth in the Master Resolution.

"Note" means the Santa Clara Valley Water District 2025-2026 Tax-Exempt Tax and Revenue Anticipation Note No. 2 to be issued hereunder.

"Regulations" means the income tax regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time, including temporary regulations, to the extent applicable.

"Valley Water" means the Santa Clara Valley Water District.

"Water Utility System Revenues" has the meaning set forth in the Master Resolution.

SECTION 2. ISSUANCE OF THE NOTE; AMOUNT; TERMS; INTEREST RATE; PLACE OF PAYMENT; USE OF PROCEEDS

Pursuant to the Authorizing Law, the Note shall be issued in an aggregate principal amount not to exceed $50,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of Valley Water which will be available for the payment therefor. A certificate of an Authorized Officer certifying to such effect, in the form attached hereto as "Exhibit B," shall be completed on or prior and as a condition to, the delivery of the Note. The Note shall be designated "Santa Clara Valley Water District 2025-2026 Tax-Exempt Tax and Revenue Anticipation Note No. 2." The Note shall be dated the date of issuance thereof. The Note shall be payable at the office of Valley Water at such times and in such amounts as set forth in the respective Note. The Note shall mature and be payable no later than October 1, 2026. The Note shall bear a rate of interest which shall be determined on the date of issuance of the short-term obligations to which such Note is pledged and shall be a rate which when multiplied by the principal amount of such Note outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which such Note is pledged outstanding on such date and shall be payable in accordance with the terms thereof. The Note shall be prepayable in whole or in part on any day on which the short-term obligations to which such Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of the Note will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

SECTION 3. EXECUTION OF THE NOTE

Each Authorized Officer is hereby authorized and directed to sign the Note, by such officer's manual, printed, lithographed or facsimile signatures.

SECTION 4. FORM OF THE NOTE

The Note shall be issued in substantially the form set forth in "Exhibit A" attached hereto and incorporated herein and may be issued in typewritten form.

SECTION 5. PAYABLE FROM NET WATER UTILITY SYSTEM REVENUES

The obligation of Valley Water to make payments of principal of and interest on the Note is a general obligation of Valley Water. Valley Water hereby pledges Net Water Utility System Revenues of Valley Water on a subordinate basis to all payment of Bonds and Contracts of Valley Water to additionally secure the portion of the payment of the principal of and interest on the Note which support short-term obligations, all in accordance with the Master Resolution.

Valley Water may pledge Net Water Utility System Revenues of Valley Water on a subordinate basis to all payment of Bonds and Contracts of Valley Water to additionally secure the portion of the payment of the principal of and interest on the Note which support other short-term obligations, such pledge to be set forth in such short-term obligations. The Note do not constitute a debt of Valley Water or the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

SECTION 6. CERTIFIED COPIES

The Valley Water Clerk of the Board shall provide a certified copy of this document to the Chief Executive Officer or Chief Financial Officer who shall take such action as shall be necessary to assure compliance by Valley Water with the terms and conditions hereof.

SECTION 7. EFFECTIVE DATE

This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Affix Seal Here

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: _____
CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A
COVERSHEET

SANTA CLARA VALLEY WATER DISTRICT
2025-2026 TAX-EXEMPT
TAX AND REVENUE ANTICIPATION NOTE NO. 2

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

SANTA CLARA VALLEY WATER DISTRICT
2025–2026 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE NO. 2

FOR VALUE RECEIVED, the Santa Clara Valley Water District ("Valley Water") acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation ("Corporation") $50,000,000 in lawful money of the United States of America, on October 1, 2026, together with interest thereon at the offices of Valley Water in like lawful money from the date hereof until payment in full of said principal sum. Interest on this Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of this Note outstanding on such day will be equal to the interest accruing with respect to the short-term obligations to which this Note is pledged outstanding on such day. Interest on this Note shall be payable on any date on which interest is payable with respect to the short-term obligations to which this Note is pledged. This Note shall be prepayable in whole or in part on any day on which the Corporation notifies Valley Water that the principal with respect to the short-term obligations to which this Note is pledged is due and payable in the event that Valley Water declines to cause additional short-term obligations to be sold to repay such maturing short-term obligations.

The proceeds of this Note will be used for any Valley Water purpose including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of Valley Water, does not exceed any limit prescribed by the Constitution or laws of the State.

This Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by Valley Water for fiscal year 2025-2026 and which are lawfully available for the payment of current expenses and other obligations of Valley Water. The obligation of Valley Water to make payments of principal of and interest on this Note is a general obligation of Valley Water. The portion of payments on this Note which support the short-term financing program is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution adopted by the Board of Directors of Valley Water on May 12, 2026, authorizing the issuance of this Note). The portion of payments on this Note which support other short-term obligations may also be payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts to the extent set forth in such short-term obligation. This Note does not constitute a debt of Valley Water or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or their designee, and the General Counsel or the General Counsel's designee, all as of May 12, 2026.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Melanie Richardson
Interim Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Mark Poole
Senior Assistant District Counsel

EXHIBIT B
COVERSHEET

$50,000,000
SANTA CLARA VALLEY WATER DISTRICT
2025–2026 TAX-EXEMPT
TAX AND REVENUE ANTICIPATION NOTE NO. 2
CALCULATION OF 85 PERCENT AMOUNT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT B

$50,000,000
SANTA CLARA VALLEY WATER DISTRICT
2025-2026 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE NO. 2
CALCULATION OF 85 PERCENT AMOUNT

Pursuant to the Authorizing Law, the Note shall be issued in an aggregate principal amount not to exceed $50,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the Santa Clara Valley Water District ("Valley Water"), as determined by the following calculation:

FY 2025–26 Valley Water-wide Estimated Uncollected Taxes, Income, Revenue, Cash Receipts and Other Money as of May 12, 2026[1] (A)	$122,097,000
FY 2025-26 Tax-Exempt Tax and Revenue Anticipation Note No. 2:	
Principal Amount of the Note	$50,000,000
Interest on the Note[2]	2,366,667
Total (B)	$52,366,667
Percentage (B)/(A)	42.89%

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Darin Taylor
Chief Financial Officer

[1] Source*:* Valley Water cashflow forecast.
[2] Assumes maximum interest rate of 12% calculated based on actual/360-day basis.

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-28

INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WATER UTILITY ENTERPRISE

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

WHEREAS, the Board of Directors of Valley Water intends to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (collectively, the "Project"); and

WHEREAS, Valley Water expects to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes ("Obligations"); and

WHEREAS, prior to the issuance of the Obligations, Valley Water desires to incur certain expenditures with respect to the Project from available monies of Valley Water, which expenditures are desired to be reimbursed by Valley Water from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District hereby finds, determines, declares, and resolves as follows:

1. Valley Water hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

2. The reasonably expected maximum principal amount of the Obligations is $498,856,000.

3. This resolution is being adopted no later than 60 days subsequent to the first date (each day of expenditure referred to herein as the "Expenditure Date or Dates") that Valley Water will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, however, that the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the "eighteen month limit" of the previous sentence is changed to "three years" and the limitation of the previous sentence beginning with "; provided, ..." is not applicable.

5. Proceeds of the Obligations to be used to reimburse Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of Valley Water) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of Valley Water or any entity related in any manner to Valley Water, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

6. This resolution is consistent with the budgetary and financial circumstances of Valley Water as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by Valley Water (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by Valley Water that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

7. The limitations described in Section 3 and Section 4 of this resolution do not apply to: (a) costs of issuance of the Obligations; (b) an amount not in excess of the lesser of $100,000 or five percent (5%) of the proceeds of the Obligations; or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

8. This resolution is adopted as official action of Valley Water in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Valley Water expenditures incurred prior to the date of issue of the Obligations, is part of Valley Water's official proceedings, and will be available for inspection by the general public at the main administrative office of Valley Water.

9. All the recitals in this resolution are true and correct and this Board of Directors so finds, determines, and represents.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Affix Seal Here

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: _____
CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A
COVERSHEET

DESCRIPTION OF PROJECT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

DESCRIPTION OF PROJECT

Various capital improvements set forth in the Fiscal Year 2027-31 Capital Improvement Plan (the “CIP”) for water supply infrastructure, including storage, transmission, treatment, and recycled water facilities, and water resources stewardship, as such CIP may be modified from time-to-time. The current CIP is incorporated herein by reference.

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-29

INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION AND WATERSHED AND STREAM STEWARDSHIP PROGRAMS

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

WHEREAS, the Board of Directors of Valley Water intends to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (collectively, the "Project"); and

WHEREAS, Valley Water expects to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes ("Obligations"); and

WHEREAS, prior to the issuance of the Obligations Valley Water desires to incur certain expenditures with respect to the Project from available monies of Valley Water which expenditures are desired to be reimbursed by Valley Water from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District hereby finds, determines, declares, and resolves as follows:

1. Valley Water hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

2. The reasonably expected maximum principal amount of the Obligations is $242,389,000.

3. This resolution is being adopted no later than 60 days subsequent to the first date (each day of expenditure referred to herein as the "Expenditure Date or Dates") that Valley Water will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, however, that the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the "eighteen-month limit" of the previous sentence is changed to "three years" and the limitation of the previous sentence beginning with "; provided, ..." is not applicable.

5. Proceeds of the Obligations to be used to reimburse Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of Valley Water) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of Valley Water or any entity related in any manner to Valley Water, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

6. This resolution is consistent with the budgetary and financial circumstances of Valley Water as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by Valley Water (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by Valley Water that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

7. The limitations described in Section 3 and Section 4 of this resolution do not apply to: (a) costs of issuance of the Obligations; (b) an amount not in excess of the lesser of $100,000 or five percent (5%) of the proceeds of the Obligations; or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

8. This resolution is adopted as official action of Valley Water in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Valley Water expenditures incurred prior to the date of issue of the Obligations, is part of Valley Water's official proceedings, and will be available for inspection by the general public at the main administrative office of Valley Water.

9. All the recitals in this resolution are true and correct and this Board of Directors so finds, determines, and represents.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, Candice Kwok-Smith, Clerk of the Board of Directors of Santa Clara Valley Water District ("Valley Water"), Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular Valley Water Board of Directors meeting, duly and regularly and legally held at the regular meeting place thereof on May 12, 2026, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Affix Seal Here

Dated: May 12, 2026

SANTA CLARA VALLEY WATER DISTRICT

By: _____
CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A
COVERSHEET

DESCRIPTION OF PROJECT

No. of Pages: 1

Exhibit Attachments: None

EXHIBIT A

DESCRIPTION OF PROJECT

Various Safe, Clean Water and Natural Flood Protection and Watershed and Stream Stewardship program capital improvements set forth in the Fiscal Year 2027-31 Capital Improvement Plan (the “CIP”), as such CIP may be modified from time-to-time. The current CIP is incorporated herein by reference.

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INDENTURE OF TRUST

Dated as of May 1, 2026

By and between

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

and the

SANTA CLARA VALLEY WATER DISTRICT

Relating to

$_____
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
SERIES 2026A

And

$_____
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
TAXABLE SERIES 2026B

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into and dated as of May 1, 2026 (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");

W I T N E S S E T H:

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

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;

WHEREAS, Valley Water has previously financed and refinanced the acquisition and/or construction of certain capital improvements to the Water Utility System equipment and facilities of Valley Water from proceeds of Valley Water's Water System Refunding Revenue Bonds, Taxable Series 2016B (the "Outstanding 2016B Bonds"), Revenue Certificates of Participation (Water Utility System Improvement Projects) Taxable Series 2016D (the "Series 2016D Certificates"), Water System Refunding Revenue Bonds, Series 2017A (the "Series 2017A Bonds"), Water System Refunding Revenue Bonds, Series 2019A (the "Series 2019A Bonds"), Commercial Paper Notes, Series A (Tax Exempt) (the "Series A Commercial Paper Notes"), Commercial Paper Notes, Series B (Taxable) (the "Series B Commercial Paper Notes"), Revolving Certificates, Series C (Tax-Exempt) (Non-Syndicated) (the "Series C Revolving Certificates"), and Revolving Certificates, Series D (Taxable) (Non-Syndicated) (the "Series D Revolving Certificates") (together the "Refunded Obligations"); and

WHEREAS, Valley Water is authorized under Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including all laws amendatory thereof or supplemental thereto, to refinance the Refunded Obligations with proceeds of the 2026 Bonds (as defined below); and

WHEREAS, in order to provide for the authentication and delivery of the 2026 Bonds, to establish and declare the terms and conditions upon which such 2026 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 2026 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 2026 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 2026 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 in accordance with law, including Section 5451 of the Government Code of the State of California, and its successors in trust and assigns forever, for the securing of the performance of the obligations of Valley Water to the 2026 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 (as defined herein)), 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, or 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 2026 Bonds issued by 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 2026 Bonds over any of the other 2026 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 2026 Bonds due or to become due thereon, at the times and in the manner provided in the 2026 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 2026 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 2026 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.

Accreted Price. The term "Accreted Price" means the greater of (1) 100% and (2) the price of the 2026 Bond calculated in accordance with the industry standard method of calculating bond price, excluding any accrued interest, as of the applicable Redemption Date utilizing the respective "Yield" for such 2026 Bond shown in the maturity schedules in Section 2.02 hereof.

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.

Available Output Restriction. The term "Available Output Restriction" has the meaning set forth in Section 6.10 hereof.

Bond Counsel. The term "Bond Counsel" means Stradling Yocca Carlson & Rauth LLP, 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 2026 Bonds are delivered to the original purchaser thereof.

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

Commercial Paper Issuing and Paying Agent Agreement. The term "Commercial Paper Issuing and Paying Agent Agreement" means the Restated Issuing and Paying Agent Agreement, dated as of December 1, 2024, by and between Valley Water 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.

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 2026 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 2026 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 2026 Bonds and any other cost, charge or fee in connection with the original issuance of the 2026 Bonds.

Costs of Issuance Fund. The term "Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.04.

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 2026 Bonds.

District Act. The term "District Act" means the Santa Clara Valley Water District Act, Chapter 1405 of Statutes of 1951 of the State of California, as amended and supplemented to the date hereof and as amended and supplemented from time to time.

Escrow Agent. The term "Escrow Agent" means U.S. Bank Trust Company, National Association, as Escrow Agent under the Series 2017A Escrow Agreement and the Series 2019A Escrow Agreement.

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.

Governmental Entity. The term "Governmental Entity" means any state and local governmental unit.

Groundwater Recharge. The term "Groundwater Recharge" means the application of water by Valley Water to recharge the groundwater subbasins underlying the County of Santa Clara.

Indenture. The term "Indenture" means this Indenture of Trust, dated as of May 1, 2026, 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 Payment Date. The term "Interest Payment Date" means December 1, 2026 and semiannually 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. The term "Issuing and Paying Agent" means U.S. Bank Trust Company, National Association as Issuing and Paying Agent under the Commercial Paper Issuing and Paying Agent Agreement and the Revolving Certificates Issuing and Paying Agent Agreement, as the case may be, or its successor Issuing and Paying Agent thereunder as provided therein.

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 2026 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.

Measurement Period. The term "Measurement Period" has the meaning set forth in Section 6.10 hereof.

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 2026 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 2026 Bonds, means (subject to the provisions of Section 11.09) all 2026 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (i) 2026 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2026 Bonds with respect to which all liability of Valley Water shall have been discharged in accordance with Section 10.02, including 2026 Bonds (or portions thereof) described in Section 11.09; and (iii) 2026 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2026 Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner; 2026 Bond Owner. The term "Owner" or "2026 Bond Owner," whenever used herein with respect to a 2026 Bond, means the person in whose name the ownership of such 2026 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.

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 397 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."

Purified Water. The term "Purified Water" means the purified water produced by the Purified Water Project.

Purified Water Project. The term "Purified Water Project" means the purified water project referred to and described in Resolution No. 2026-03 adopted by the Board of Directors of Valley Water on January 27, 2026.

Rating. The term "Rating" means any currently effective rating on the 2026 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 2026A Bonds pursuant to Section 5.06.

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 2026 Bonds.

Redemption Fund. The term "Redemption Fund" means the fund by that name established pursuant to Section 5.04.

Refunding Bond Law. The term "Refunding Bond Law" means Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended and supplemented to the date hereof and as amended and supplemented from time to time.

Registration Books. The term "Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2026 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.

Revolving Certificates Issuing and Paying Agent Agreement. The term "Revolving Certificates 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.

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 A Commercial Paper Notes. The term "Series A Commercial Paper Notes" has the meaning set forth in the third "Whereas" clause above.

Series B Commercial Paper Notes. The term "Series B Commercial Paper Notes" has the meaning set forth in the third "Whereas" clause above.

Series C Revolving Certificates. The term "Series C Revolving Certificates" has the meaning set forth in the third "Whereas" clause above.

Series D Revolving Certificates. The term "Series D Revolving Certificates" has the meaning set forth in the third "Whereas" clause above.

Series 2016B Bonds. The term "Series 2016B Bonds" has the meaning set forth in the third "Whereas" clause above.

Series 2016B Trustee. The term "Series 2016B Trustee" means U.S. Bank Trust Company, National Association, as trustee under the Indenture of Trust, dated as of February 1, 2016, by and between Valley Water and the Series 2016B Trustee.

Series 2016D Certificates. The term "Series 2016D Certificates" has the meaning set forth in the third "Whereas" clause above.

Series 2016D Trustee. The term "Series 2016D Trustee" means U.S. Bank Trust Company, National Association, as trustee under the Trust Agreement, dated as of February 1, 2016, by and among Valley Water, the Corporation and the Series 2016D Trustee.

Series 2017A Bonds. The term "Series 2017A Bonds" has the meaning set forth in the third "Whereas" clause above.

Series 2017A Escrow Agreement. The term "Series 2017A Escrow Agreement" means that certain Series 2017A Escrow Agreement, dated as of May 1, 2026, by and between Valley Water and the Escrow Agent.

Series 2017A Escrow Fund. The term "Series 2017A Escrow Fund" means the fund by that name established under the Series 2017A Escrow Agreement.

Series 2019A Bonds. The term "Series 2019A Bonds" has the meaning set forth in the third "Whereas" clause above.

Series 2019A Escrow Agreement. The term "Series 2019A Escrow Agreement" means that certain Series 2019A Escrow Agreement, dated as of May 1, 2026, by and between Valley Water and the Escrow Agent.

Series 2019A Escrow Fund. The term "Series 2019A Escrow Fund" means the fund by that name established under the Series 2019A Escrow Agreement.

Series 2026A Bonds. The term "Series 2026A Bonds" means the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A issued pursuant to the Water Utility Parity System Master Resolution and this Indenture.

Series 2026B Bonds. The term "Series 2026B Bonds" means the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Taxable Series 2026B issued pursuant to the Water Utility Parity System Master Resolution and this Indenture.

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 2026A Bonds, executed and delivered by Valley Water on the date of issuance of the Series 2026A Bonds, including any and all exhibits attached thereto.

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.

2026 Bonds. The term "2026 Bonds" means the Series 2026A Bonds and the Series 2026B Bonds issued pursuant to the Water Utility Parity System Master Resolution and this Indenture.

2026A Interest Account. The term "2026A Interest Account" means the account by that name in the 2026A Payment Fund established pursuant to Section 5.02.

2026A Payment Fund. The term "2026A Payment Fund" means the fund by that name established pursuant to Section 5.02.

2026A Principal Account. The term "2026A Principal Account" means the account by that name in the 2026A Payment Fund established pursuant to Section 5.02.

2026B Interest Account. The term "2026B Interest Account" means the account by that name in the 2026B Payment Fund established pursuant to Section 5.03.

2026B Payment Fund. The term "2026B Payment Fund" means the fund by that name established pursuant to Section 5.03.

2026B Principal Account. The term "2026B Principal Account" means the account by that name in the 2026B Payment Fund established pursuant to Section 5.03.

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" means the Water Utility Parity System Master Resolution, Resolution No. 16-10 adopted by the Board of Directors of Valley Water on February 23, 2016, as amended by Resolution No. 16-82 adopted by the Board of Directors of Valley Water on December 13, 2016, as such resolution may be further supplemented and amended from time-to-time.

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 2026 BONDS

Section 2.01. Authorization of 2026 Bonds. Valley Water hereby authorizes the issuance hereunder from time to time of the 2026 Bonds pursuant to the District Act and the Refunding Bond Law. The 2026 Bonds shall constitute special obligations of Valley Water, for the purpose of (i) redeeming, prepaying and/or defeasing the Refunded Obligations, and (ii) paying the Costs of Issuance. The Series 2026A Bonds are hereby designated the "Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A" in the aggregate principal amount of $_____. The Series 2026B Bonds are hereby designated the "Santa Clara Valley Water District Water System Refunding Revenue Bonds, Taxable Series 2026B" in the aggregate principal amount of $_____. This Indenture constitutes a continuing agreement with the Owners from time to time of the 2026 Bonds to secure the full payment of the principal of and interest and

premium (if any) on all the 2026 Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2026 Bonds. The 2026 Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof.

(a) The Series 2026A 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:

Maturity Date (June 1)	***Principal Amount***	***Interest Rate***	***Yield***
	$	%	

* Term Bond.

(b) The Series 2026B 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:

Maturity Date (June 1)	***Principal Amount***	***Interest Rate***	***Yield***
	$	%	

Maturity Date (June 1)	*Principal Amount*	*Interest Rate*	*Yield*

* Term Bond.

(c) Interest on the 2026 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 2026 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 2026 Bonds shall be payable in lawful money of the United States of America.

Each 2026 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, 2026 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 2026 Bond, interest thereon is in default, such 2026 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 2026 Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2026 Bonds. Any 2026 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 2026 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 2026 Bond during the period in which the Trustee is selecting 2026 Bonds for redemption and any 2026 Bond that has been selected for redemption.

Whenever any 2026 Bond or 2026 Bonds shall be surrendered for transfer, Valley Water shall execute and the Trustee shall authenticate and shall deliver a new 2026 Bond or 2026 Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the 2026 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 2026 Bonds, the Trustee will cancel and destroy the 2026 Bonds it has received.

Section 2.04. Exchange of 2026 Bonds. 2026 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 2026 Bond during the period in which the Trustee is selecting 2026 Bonds for redemption and any 2026 Bond that has been selected for redemption. The Trustee shall require the 2026 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 2026 Bonds, the Trustee will cancel and destroy the 2026 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 2026 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 2026 Bonds as hereinbefore provided.

The person in whose name any 2026 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 such 2026 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 2026 Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of 2026 Bonds. The 2026 Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2026 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 2026 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 2026 Bonds. The 2026 Bonds shall then be delivered to the Trustee for authentication by it. 2026 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 2026 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 2026 Bonds may be signed on behalf of Valley Water by such persons as at the actual date of execution of such 2026 Bonds shall be the proper officers of Valley Water although at the nominal date of such 2026 Bonds any such person shall not have been such officer of Valley Water.

Only such of the 2026 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 2026 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. 2026 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2026 Bond shall become mutilated, Valley Water, at the expense of the Owner of said 2026 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2026 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2026 Bonds so mutilated, but only

upon surrender to the Trustee of the 2026 Bond so mutilated. Every mutilated 2026 Bond so surrendered to the Trustee shall be canceled by it. If any 2026 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 2026 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2026 Bond so lost, destroyed or stolen (or if any such 2026 Bond shall have matured or shall be about to mature, instead of issuing a substitute 2026 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 2026 Bond issued under this Section and of the expenses which may be incurred by Valley Water and the Trustee in connection therewith. Any 2026 Bond issued under the provisions of this Section in lieu of any 2026 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 2026 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 2026 Bonds secured by this Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2026 Bond for a 2026 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 2026 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 2026 Bonds, Valley Water may provide that such 2026 Bonds shall be initially issued as book entry 2026 Bonds. If Valley Water shall elect to deliver any 2026 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 2026 Bonds in an authorized denomination corresponding to that total principal amount of the 2026 Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2026 Bond shall be registered in the 2026 Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2026 Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book entry 2026 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 2026 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 2026 Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2026 Bond Registration Books, of any notice with respect to book entry 2026 Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2026 Bonds to be redeemed in the event Valley Water redeems the 2026 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 2026 Bonds. Valley Water and the Trustee may treat and consider the person in whose name each book entry 2026 Bond is registered in the 2026 Bond Registration Books as the absolute Owner of such book entry 2026 Bond for the purpose of payment of principal of, premium and interest on such 2026 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2026 Bond, for the purpose of registering transfers with respect to such 2026 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on

the 2026 Bonds only to or upon the order of the respective Owner, as shown in the 2026 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 2026 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2026 Bond Registration Books, shall receive a 2026 Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2026 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 2026 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 2026 Bonds other than the Owners, as shown on the 2026 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 2026 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 2026 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 2026 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 2026 Bond for each of the maturity dates of such book entry 2026 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 2026 Bonds shall no longer be restricted to being registered in such 2026 Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2026 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 2026 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 2026 Bond and all notices with respect to such 2026 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 2026 Bonds to Substitute Depository.

(i) The 2026 Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such 2026 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 2026 Bonds by the Trustee, together with a Written Request of Valley Water to the Trustee designating the Substitute Depository, a single new 2026 Bond, which Valley Water shall prepare or cause to be prepared, shall be issued for each maturity of 2026 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 2026 Bonds by the Trustee, together with a Written Request of Valley Water to the Trustee, new 2026 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 2026 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 2026 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 2026 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 2026 Bonds shall be controlling.

(iv) Valley Water and the Trustee shall be entitled to treat the person in whose name any 2026 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 2026 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 2026 Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2026 Bonds.

ARTICLE III

ISSUANCE OF 2026 BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2026 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 Series 2026 Bonds in the aggregate principal amounts set forth in Section 2.01 hereof.

Section 3.02. Application of Proceeds of the Series 2026A Bonds. The proceeds received from the sale of the Series 2026A Bonds shall be deposited with the Trustee, who shall transfer (a) $_____ of proceeds of the Series 2026A Bonds to the Escrow Agent for deposit in the Series 2017A Escrow Fund to refund the outstanding Series 2017A Bonds, (b) $_____ of proceeds of the Series 2026A Bonds to the Escrow Agent for deposit in the Series 2019A Escrow Fund to refund the outstanding Series 2019A Bonds, (c) $_____ of proceeds of the Series 2026A Bonds to the Issuing and Paying Agent to pay, prepay and/or defease the outstanding Series A Commercial Paper Notes, (d) $_____ of proceeds of the Series 2026A Bonds to the Issuing and Paying Agent to pay, prepay and/or defease the outstanding Series C Revolving Certificates, and (e) transfer $_____ from the proceeds of the Series 2026A Bonds to the Series 2026A Account of the Costs of Issuance Fund. The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits and transfer.

Section 3.03. Application of Proceeds of the Series 2026B Bonds. The proceeds received from the sale of the Series 2026B Bonds shall be deposited with the Trustee, who shall transfer (a) $_____ of proceeds of the Series 2026B Bonds to the Series 2016B Trustee to redeem the outstanding Series 2016B Bonds, (b) $_____ of proceeds of the Series 2026B Bonds to the Series 2016D Trustee to prepay the outstanding Series 2016D Certificates, (c) $_____ of proceeds of the Series 2026B Bonds to the Issuing and Paying Agent to pay, prepay and/or defease the outstanding Series B Commercial Paper Notes, (d) $_____ of proceeds of the Series 2026B Bonds to the Issuing and Paying Agent to pay, prepay and/or defease the outstanding Series D Revolving Certificates, and (e) transfer $_____ from the proceeds of the Series 2026B Bonds to the Series 2026B Account of the Costs of Issuance Fund. The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits and transfer.

Section 3.04. 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" and in the Costs of Issuance Fund, separate accounts designated as the "Series 2026A Account" and the "Series 2026B Account." The moneys in the Costs of Issuance Fund and the accounts therein 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. Upon the Written Request of Valley Water, all amounts remaining in the Costs of Issuance Fund and the accounts therein shall be transferred by the Trustee to the 2026A Payment Fund or the 2026B Payment Fund, as directed by Valley Water, and the Costs of Issuance Fund and the accounts therein shall be closed. Investment earnings on amounts on deposit in the accounts of the Costs of Issuance Fund shall be retained in such accounts until the Costs of Issuance Fund and the accounts therein are closed and thereafter shall be transferred by the Trustee to the 2026A Payment Fund or the 2026B Payment Fund, as directed by Valley Water.

Section 3.05. Validity of 2026 Bonds. The validity of the authorization and issuance of the 2026 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 2026 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 2026 BONDS

Section 4.01. Terms of Redemption.

(a) The 2026 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 multiplied by the Accreted Price, plus accrued interest thereon to the Redemption Date.

(b) The Series 2026A 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 2026A 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 of the Series 2026A Bonds maturing on June 1, 20__, 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.

(d) The Series 2026B 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.

(e) The Series 2026B 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.

The Series 2026B 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 of the Series 2026B Bonds maturing on June 1, 20__ or June 1, 20__, pursuant to Section 4.01(a) or (d) Valley Water shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

Section 4.02. Selection of 2026 Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the 2026 Bonds in accordance with Sections 4.01(a), (b), and (c) hereof, the Trustee shall select such 2026 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), and (c) hereof, as applicable. The Trustee will promptly notify Valley Water in writing of the numbers of such 2026 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 2026 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 2026 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 2026 Bonds of any such maturity are to be redeemed, the serial numbers of the 2026 Bonds of such maturity to be redeemed by giving the individual number of each 2026 Bond or by stating that all 2026 Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2026 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 2026 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 2026 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 2026 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 2026 Bond. Notice of redemption of 2026 Bonds shall be given by the Trustee at the expense of Valley Water.

With respect to any notice of optional redemption of 2026 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 2026 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 2026 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 2026 Bonds. Upon surrender of any 2026 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 2026 Bond or 2026 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2026 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 2026 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2026 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2026 Bonds so called for redemption shall cease to accrue, said 2026 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2026 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 2026 Bonds to be redeemed on their Redemption Dates, pay such 2026 Bonds at the redemption price.

All 2026 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 2026 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 and in accordance with California law, including but not limited to Section 5451 of the Government Code of the State of California.

(b) In order to carry out and effectuate the pledge and lien contained in the Water Utility Parity System Master Resolution for the 2026 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 2026 Bonds due and payable on such Interest Payment Date.

Section 5.02. Application of 2026A Payment Fund. There is hereby established with the Trustee the 2026A 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 Series 2026A Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the Series 2026A Bonds transferred by Valley Water from the Water Utility System Revenue Fund to the

2026A Payment Fund pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the 2026A Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the 2026A Account of the Redemption Fund shall be promptly deposited therein. All payments of interest and principal on the Series 2026A 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 a 2026A Interest Account and a 2026A Principal Account within the 2026A Payment Fund.

The Trustee shall transfer from the 2026A 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 2026A Interest Account that sum, if any, required to cause the aggregate amount on deposit in the 2026A Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Series 2026A Bonds then Outstanding. No deposit need be made into the 2026A 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 Series 2026A Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the Series 2026A Bonds shall become due and payable hereunder, the Trustee shall deposit in the 2026A Principal Account that sum, if any, required to cause the aggregate amount on deposit in the 2026A Principal Account to equal the principal amount of the Series 2026A Bonds coming due and payable on such date. No deposit need be made into the 2026A 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 Series 2026A Bonds then Outstanding.

(c) All amounts in the 2026A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series 2026A Bonds as it shall become due and payable (including accrued interest on any Series 2026A Bonds purchased or accelerated prior to maturity pursuant to this Indenture).

(d) All amounts in the 2026A Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Series 2026A Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Series 2026A Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of Series 2026A 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 2026A 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 Series 2026A Bonds.

Section 5.03. Application of 2026B Payment Fund. There is hereby established with the Trustee the 2026B 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 Series 2026B

Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the Series 2026B Bonds transferred by Valley Water from the Water Utility System Revenue Fund to the 2026B Payment Fund pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the 2026B Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the 2026B Account of the Redemption Fund shall be promptly deposited therein. All payments of interest and principal on the Series 2026B 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 a 2026B Interest Account and a 2026B Principal Account within the 2026B Payment Fund.

The Trustee shall transfer from the 2026B 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 2026B Interest Account that sum, if any, required to cause the aggregate amount on deposit in the 2026B Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Series 2026B Bonds then Outstanding. No deposit need be made into the 2026B 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 Series 2026B Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the Series 2026B Bonds shall become due and payable hereunder, the Trustee shall deposit in the 2026B Principal Account that sum, if any, required to cause the aggregate amount on deposit in the 2026B Principal Account to equal the principal amount of the Series 2026B Bonds coming due and payable on such date. No deposit need be made into the 2026B 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 Series 2026B Bonds then Outstanding.

(c) All amounts in the 2026B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series 2026B Bonds as it shall become due and payable (including accrued interest on any Series 2026B Bonds purchased or accelerated prior to maturity pursuant to this Indenture).

(d) All amounts in the 2026B Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Series 2026B Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Series 2026B Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of Series 2026B 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 2026B 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 Series 2026B Bonds.

Section 5.04. Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund" and in the Redemption Fund, separate accounts designated as the "Series 2026A Account" and the "Series 2026B Account." All amounts in the Series 2026A Account of the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the redemption price of the Series 2026A Bonds to be redeemed on any Redemption Date pursuant to Section 4.01 and all amounts in the Series 2026B Account of the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the redemption price of the Series 2026B 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 2026 Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2026 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 2026A Interest Account or the 2026B Interest Account, as applicable) 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 2026 Bonds.

Section 5.05. 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 2026A Interest Account or the 2026B Interest Account, as directed in a Written Request of Valley Water filed with the Trustee, 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 5.05.

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 5.06. Rebate Fund.

(a) Establishment. The Trustee shall establish for the Series 2026A 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 2026A 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 2026A 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 2026A 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 2026A 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 Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, 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 2026A 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 2026A Bonds.

Section 5.07. Application of Funds and Accounts When No 2026 Bonds are Outstanding. On the date on which all 2026 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 2026 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 2026 Bond (including persons holding 2026 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2026 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 2026 Bonds, in strict conformity with the terms of the 2026 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 2026 Bonds. Valley Water shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2026 Bonds or the time of payment of any claims for interest by the purchase of such 2026 Bonds or by any other arrangement, and in case the maturity of any of the 2026 Bonds or the time of payment of any such claims for interest shall be extended, such 2026 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 2026 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended.

Section 6.05. Power to Issue 2026 Bonds and Make Pledge and Assignment. Valley Water is duly authorized pursuant to law to issue the 2026 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 2026 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 2026 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 2026A 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 2026A 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 2026A Bonds or of any other moneys or property which would cause the Series 2026A 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 2026A 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 2026A 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 2026A Bonds or take or omit to take any action that would cause the Series 2026A 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 2026A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. Valley Water will make no use of the proceeds of the Series 2026A 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 2026A 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 2026A 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 2026A 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 2026 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 2026 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 2026 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 2026 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 2026 Bond Owner upon any claim by a 2026 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 2026 Bonds or involving the rights of the Trustee or any 2026 Bond Owner under this Indenture; provided that the Trustee or any 2026 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 2026 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 2026 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 2026 Bonds. Valley Water shall promptly reimburse any 2026 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 2026 Bonds, provided that such litigation shall be concluded favorably to such party's contentions therein.

Section 6.10. Available Output Restriction. In the event any proceeds of the 2026A Bonds are applied to pay costs of the Purified Water Project, absent a force majeure event or other event beyond the control of Valley Water, from the date the 2026A Bonds are issued through the latest maturity date of the 2026A Bonds without regard to any optional redemption dates (the "Measurement Period"), Valley Water will ensure that the aggregate amount of Purified Water produced by the Purified Water Project is equal to or less than the aggregate amount during the Measurement Period of (A) Purified Water both commingled with other water in a Valley Water treatment plant or other Valley Water facility and sold to a Governmental Entity, (B) Purified Water, not commingled in a Valley Water treatment plant or other Valley Water facility, sold directly to (i) a Governmental Entity, or (ii) a member of the public under a generally applicable rate scale, and (C) Purified Water utilized by Valley Water for Groundwater Recharge (the "Available Output Restriction").

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

pumped Purified Water may be flowed and so utilized by Valley Water in accordance with the restrictions of (A) or (B) above of the Available Output Restriction.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2026 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 2026 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 Refunding Bond Law and the agreements and covenants required to be performed by it or him contained herein;

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

(c) 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 2026 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 2026 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 2026 Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2026 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 2026 Bonds, subject to the provisions of this Indenture.

Section 7.05. 2026 Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2026 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 2026 Bond Owners not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any 2026 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 2026 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 2026 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 2026 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 2026 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2026 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 2026 Bonds, or to enforce any right under the 2026 Bonds, this Indenture, or applicable law with respect to the 2026 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 2026 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 2026 Bonds shall affect or impair the obligation of Valley Water, which is absolute and unconditional, to pay the principal of and interest on the 2026 Bonds to the respective Owners of the 2026 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 2026 Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2026 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 2026 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 2026 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 2026 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 2026 Bond Owner (on behalf of himself and all other 2026 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 2026 Bonds and to the 2026 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 2026 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 2026 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 2026 Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2026 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 2026 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 2026 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026A 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 2026 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 2026A Bonds from federal income taxation and the 2026 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 2026 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 2026 Bonds; Preparation of New 2026 Bonds. 2026 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 2026 Bonds Outstanding at the time of such execution and presentation of his or her 2026 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 2026 Bonds. If the Supplemental Indenture shall so provide, new 2026 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 2026 Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2026 Bond Owner, for 2026 Bonds then Outstanding, upon surrender for cancellation of such 2026 Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular 2026 Bonds. The provisions of this Article shall not prevent any 2026 Bond Owner from accepting any amendment as to the particular 2026 Bonds held by such 2026 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 2026 Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The 2026 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 2026 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 2026 Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all of the 2026 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 2026 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 2026 Bonds not theretofore surrendered for such payment or redemption to Valley Water.

Section 10.02. Discharge of Liability on 2026 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 2026 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2026 Bonds), provided that, if such Outstanding 2026 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 2026 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 2026 Bonds previously issued and delivered, which Valley Water may have acquired in any manner whatsoever, and such 2026 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 2026 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 2026 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds and remaining unclaimed for two (2) years after the principal of all of the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 obligation of Valley Water to pay the principal of and interest on the 2026 Bonds is a special obligation of Valley Water payable solely from such 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 2026 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 2026 Bond Owners. Nothing expressed or implied in this Indenture or in the 2026 Bonds is intended or shall be construed to give to any person other than Valley Water, the Trustee and the Owners of the 2026 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 2026 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 2026 Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to Valley Water of any 2026 Bonds, the Trustee shall destroy such 2026 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 2026 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 2026 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 2026A/B; 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.

All notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If Valley Water chooses to use electronic signatures to sign documents delivered to the Trustee, Valley Water agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 11.08. Evidence of Rights of 2026 Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by 2026 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2026 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 2026 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 2026 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2026 Bond shall bind every future Owner of the same 2026 Bond and the Owner of every 2026 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 2026 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2026 Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, 2026 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 2026 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 2026 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2026 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 2026 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 2026 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 2026 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 2026 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2026 Bonds (or portions of 2026 Bonds in the case of registered 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2026 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 2026 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 REFUNDING REVENUE BOND,
[SERIES 2026A] [TAXABLE SERIES 2026B]

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
____%	June 1, 20__	_____, 2026	__

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, 2026 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, 2026 and semiannually 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 (15th) 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 May 1, 2026 (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 Refunding Revenue Bonds, Series 2026A" (the "2026A Bonds"), and "Taxable Series 2026B" (the "2026B Bonds" and, together with the 2026A Bonds, the "Bonds") of an aggregate principal amount of _____ dollars ($_____), 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 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 Refunding Bond 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 refund the Refunded Obligations and 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, secured by a pledge and lien on and 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 Indenture, at a redemption price equal to the principal amount thereof multiplied by the Accreted Price, plus accrued interest thereon to the Redemption Date.

The [2026A] [2026B] 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 2026A 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.

The 2026B 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.]

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 ___ day of _____, 2026.

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: _____, 2026

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.

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT dated as of May 1, 2026 (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 Refunding Revenue Bonds, Series 2026A and Taxable Series 2026B (collectively, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 2026-__ adopted by the Board of Directors of Valley Water on May 12, 2026 (the "Resolution") and an Indenture of Trust, dated as of May 1, 2026, 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 August __, 2026.

"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, 2027, 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 VALLEY WATER — Schedule of Long-Term Indebtedness;

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

(iii) WATER UTILITY SYSTEM — Historical Water Charge Revenues; and

(iv) FINANCIAL INFORMATION OF VALLEY WATER — 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 REFUNDING REVENUE BONDS, SERIES 2026A AND TAXABLE SERIES 2026B
Date of Issuance:	September __, 2026

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]_____

ESCROW AGREEMENT (SERIES 2017A)

THIS ESCROW AGREEMENT (SERIES 2017A), dated as of May 1, 2026 (the "Agreement"), by and between the Santa Clara Valley Water District ("Valley Water") and U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Agent"), is entered into in accordance with Resolution No. 16-10 adopted on February 23, 2016 (as amended, the "Resolution") by the Board of Directors of Valley Water, the Indenture of Trust dated as of May 1, 2026 (the "Indenture"), and the Indenture of Trust, dated as of March 1, 2017 (the "2017 Issuance Document"), each by and between Valley Water and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), to refund the outstanding Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2017A (the "2017 Obligations").

W I T N E S S E T H :

WHEREAS, Valley Water has determined that a portion of the proceeds of the $_____ aggregate principal amount of the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A (the "Bonds") issued pursuant to the Resolution and the Indenture, will be used to provide a portion of the funds to pay on December 1, 2026, the regularly scheduled payment of interest on the 2017 Obligations, and to pay on December 1, 2026 the principal of the 2017 Obligations maturing on and after June 1, 2027, without premium (the "Redemption Price"); and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2017 Issuance Document), which moneys will be used to purchase securities as described on Schedule A hereto (the "Federal Securities"), which Federal Securities satisfy the criteria set forth in Section 10.03 of the 2017 Issuance Document, provided the principal of and the interest on which when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the 2017 Obligations;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, Valley Water and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Escrow Agent hereby acknowledges receipt of (i) $_____ from the Trustee from a portion of the net proceeds of the sale of the Bonds and (ii) $_____ received from Valley Water. Valley Water hereby instructs the Escrow Agent to deposit the foregoing amounts into the Escrow Fund established hereunder.

The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of Valley Water and the Escrow Agent in a fund hereby created and established to be known as the "Series 2017A Escrow Fund" (referred to herein as the "Escrow Fund") and to be applied solely as provided in this Agreement. Valley Water represents that the moneys set forth above are at least equal to an amount sufficient to purchase the Federal Securities listed in Schedule A hereto, and to hold $___ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund.

The Escrow Agent shall be entitled to rely upon the conclusion of _____ (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay on December 1, 2026, the regularly scheduled payment of interest on the 2017 Obligations and to pay on December 1, 2026, the Redemption Price of the 2017 Obligations maturing on and after June 1, 2027.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of Valley Water, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of Valley Water, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions addressed to Valley Water and the Escrow Agent to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay on December 1, 2026, the regularly scheduled payment of interest on the 2017 Obligations, and to pay on December 1, 2026, the Redemption Price of the 2017 Obligations maturing on and after June 1, 2027, and provided that Valley Water has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2017 Obligations or interest on the Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which is not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by Valley Water with respect to the refunding of the 2017 Obligations or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to Valley Water promptly upon the receipt of such interest income by the Escrow Agent. The determination of Valley Water as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of Valley Water, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after Valley Water has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the 2017 Obligations and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2017 Obligations or interest on the Bonds; and (ii) a report by a firm of independent certified public accountants addressed to Valley Water and the Escrow Agent to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the regularly scheduled payment of interest on the 2017 Obligations on December 1, 2026, and to pay on December 1, 2026, the Redemption Price of the 2017 Obligations maturing on and after June 1, 2027. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of 2017 Obligations.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay on December 1, 2026, the regularly scheduled payment of interest on the 2017 Obligations, and to pay on December 1, 2026, the Redemption Price of the 2017 Obligations maturing on and after June 1, 2027.

(b) Irrevocable Instructions to Provide Notice. The form of the notice required to be provided to the owners of the 2017 Obligations pursuant to Section 4.03 of the 2017 Issuance Document is substantially in the form attached hereto as Exhibit A. Valley Water hereby irrevocably instructs the Escrow Agent to send a notice of redemption of the 2017 Obligations in accordance with Section 4.03 of the 2017 Issuance Document, as required to provide for the redemption of the 2017 Obligations in accordance with this Section 5. Valley Water hereby irrevocably instructions the Escrow Agent to provide to the owners of the 2017 Obligations a notice of defeasance in the form attached hereto as Exhibit B.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after December 1, 2026 shall be transferred to the State of California and become subject to the escheat laws of the State of California.

(d) Priority of Payments. The owners of the 2017 Obligations shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2017 Issuance Document, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all covenants, agreements and other obligations of Valley Water under the 2017 Issuance Document with respect to the 2017 Obligations shall cease, terminate and become void and be discharged and satisfied.

SECTION 6. Application of Certain Terms of 2017 Issuance Document. All of the terms of the 2017 Issuance Document relating to the making of payments of principal of and interest on the 2017 Obligations and relating to the exchange or transfer of the 2017 Obligations are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Sections 8.01 and 8.02 of the 2017 Issuance Document relating to the resignation and removal and merger of U.S. Bank Trust Company, National Association, as trustee under the 2017 Issuance Document are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2 through 4 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. Valley Water hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by Valley Water or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that Valley Water shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall Valley Water or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the 2017 Obligations or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of Valley Water, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the 2017 Obligations or to the validity of this Agreement as to Valley Water and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to Valley Water, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of Valley Water.

SECTION 11. Amendments. This Agreement is made for the benefit of Valley Water and the owners from time to time of the 2017 Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and Valley Water; provided, however, that Valley Water and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, the Law (as such term is defined in the 2017

Issuance Document), or the 2017 Issuance Document, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2017 Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2017 Obligations or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2017 Obligations have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 13. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and Valley Water and any other reasonable fees and expenses of the Escrow Agent approved by Valley Water; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of Valley Water or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify Valley Water in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 18. Notice to Valley Water and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent 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 2017A. Any notice to or demand upon Valley Water shall be deemed to have been sufficiently given or served for all purposes by being mailed by

registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed 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 Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

SANTA CLARA VALLEY WATER DISTRICT

_____
Authorized Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

By:_____
Authorized Officer

SCHEDULE A

Federal Securities

[TO COME]

EXHIBIT A

NOTICE OF REDEMPTION

SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A

BASE CUSIP NO. 80168A

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the "Bonds") pursuant to the Indenture of Trust, dated as of March 1, 2017 (the "Indenture"), by and between the Santa Clara Valley Water District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), that the outstanding Bonds in the amount of $36,815,000 have been called for redemption on December 1, 2026 (the "Redemption Date").

CUSIP	MATURITY (June 1)	RATE	PRINCIPAL AMOUNT	REDEMPTION PRICE
80168AAK3	2027	5.00%	$2,530,000	100%
80168AAL1	2028	5.00	2,660,000	100
80168AAM9	2029	5.00	2,815,000	100
80168AAN7	2030	5.00	2,960,000	100
80168AAP2	2031	5.00	3,120,000	100
80168AAQ0	2032	5.00	3,275,000	100
80168AAR8	2033	5.00	3,460,000	100
80168AAS6	2034	5.00	3,685,000	100
80168AAT4	2035	5.00	3,895,000	100
80168AAU1	2036	5.00	4,100,000	100
80168AAV9	2037	5.00	4,315,000	100

The Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount plus accrued interest to such date (the "Redemption Price"). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest on the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the Trustee.

All Bonds are required to be surrendered to the principal corporate office of the Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust
Reference: Santa Clara Valley Water District, Series 2017A

If the Owner of any Bonds subject to optional redemption fails to deliver such Bond to the Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

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

DATED this ____ day of October 2026.

EXHIBIT B

NOTICE OF DEFEASANCE

SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A

BASE CUSIP NO. 80168A

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the "Bonds") that the Santa Clara Valley Water District ("Valley Water") has deposited with U.S. Bank Trust Company, National Association, as trustee (the "Trustee") pursuant the Indenture of Trust, dated as of March 1, 2017 (the "Indenture"), by and between Valley Water and the Trustee, cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on December 1, 2026 the regularly scheduled payment of interest on the Bonds, and to pay on December 1, 2026, the principal of the Bonds maturing on and after June 1, 2027.

The Bonds to be defeased are as follows:

CUSIP	MATURITY (June 1)	RATE	PRINCIPAL AMOUNT	REDEMPTION PRICE
80168AAK3	2027	5.00%	$2,530,000	100%
80168AAL1	2028	5.00	2,660,000	100
80168AAM9	2029	5.00	2,815,000	100
80168AAN7	2030	5.00	2,960,000	100
80168AAP2	2031	5.00	3,120,000	100
80168AAQ0	2032	5.00	3,275,000	100
80168AAR8	2033	5.00	3,460,000	100
80168AAS6	2034	5.00	3,685,000	100
80168AAT4	2035	5.00	3,895,000	100
80168AAU1	2036	5.00	4,100,000	100
80168AAV9	2037	5.00	4,315,000	100

In accordance with the Indenture, the Bonds are deemed to have been paid in accordance with Section 10.02 thereof and the covenants, agreements and other obligations of Valley Water under the Indenture with respect to the Bonds have ceased, terminated and become void and have been discharged and satisfied.

DATED this ____ day of September, 2026.

ESCROW AGREEMENT (SERIES 2019A)

THIS ESCROW AGREEMENT (SERIES 2019A), dated as of May 1, 2026 (the "Agreement"), by and between the Santa Clara Valley Water District ("Valley Water") and U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Agent"), is entered into in accordance with Resolution No. 16-10 adopted on February 23, 2016 (as amended, the "Resolution") by the Board of Directors of Valley Water, the Indenture of Trust dated as of May 1, 2026 (the "Indenture"), and the Indenture of Trust, dated as of March 1, 2019 (the "2019 Issuance Document"), each by and between Valley Water and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), to refund the outstanding Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2019A (the "2019 Obligations").

W I T N E S S E T H :

WHEREAS, Valley Water has determined that a portion of the proceeds of the $_____ aggregate principal amount of the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A (the "Bonds") issued pursuant to the Resolution and the Indenture, will be used to provide a portion of the funds to pay on December 1, 2026, the regularly scheduled payment of interest on the 2019 Obligations, and to pay on December 1, 2026 the principal of the 2019 Obligations maturing on and after June 1, 2027, without premium (the "Redemption Price"); and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2019 Issuance Document), which moneys will be used to purchase securities as described on Schedule A hereto (the "Federal Securities"), which Federal Securities satisfy the criteria set forth in Section 10.03 of the 2019 Issuance Document, provided the principal of and the interest on which when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the 2019 Obligations;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, Valley Water and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Escrow Agent hereby acknowledges receipt of (i) $_____ from the Trustee from a portion of the net proceeds of the sale of the Bonds and (ii) $_____ received from Valley Water. Valley Water hereby instructs the Escrow Agent to deposit the foregoing amounts into the Escrow Fund established hereunder.

The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of Valley Water and the Escrow Agent in a fund hereby created and established to be known as the "Series 2019A Escrow Fund" (referred to herein as the "Escrow Fund") and to be applied solely as provided in this Agreement. Valley Water represents that the moneys set forth above are at least equal to an amount sufficient to purchase the Federal Securities listed in Schedule A hereto, and to hold $___ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund.

The Escrow Agent shall be entitled to rely upon the conclusion of _____ (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay on December 1, 2026, the regularly scheduled payment of interest on the 2019 Obligations and to pay on December 1, 2026, the Redemption Price of the 2019 Obligations maturing on and after June 1, 2027.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of Valley Water, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of Valley Water, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions addressed to Valley Water and the Escrow Agent to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay on December 1, 2026, the regularly scheduled payment of interest on the 2019 Obligations, and to pay on December 1, 2026, the Redemption Price of the 2019 Obligations maturing on and after June 1, 2027, and provided that Valley Water has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2019 Obligations or interest on the Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which is not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by Valley Water with respect to the refunding of the 2019 Obligations or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to Valley Water promptly upon the receipt of such interest income by the Escrow Agent. The determination of Valley Water as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of Valley Water, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after Valley Water has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the 2019 Obligations and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2019 Obligations or interest on the Bonds; and (ii) a report by a firm of independent certified public accountants addressed to Valley Water and the Escrow Agent to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the regularly scheduled payment of interest on the 2019 Obligations on December 1, 2026, and to pay on December 1, 2026, the Redemption Price of the 2019 Obligations maturing on and after June 1, 2027. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of 2019 Obligations.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay on December 1, 2026, the regularly scheduled payment of interest on the 2019 Obligations, and to pay on December 1, 2026, the Redemption Price of the 2019 Obligations maturing on and after June 1, 2027.

(b) Irrevocable Instructions to Provide Notice. The form of the notice required to be provided to the owners of the 2019 Obligations pursuant to Section 4.03 of the 2019 Issuance Document is substantially in the form attached hereto as Exhibit A. Valley Water hereby irrevocably instructs the Escrow Agent to send a notice of redemption of the 2019 Obligations in accordance with Section 4.03 of the 2019 Issuance Document, as required to provide for the redemption of the 2019 Obligations in accordance with this Section 5. Valley Water hereby irrevocably instructions the Escrow Agent to provide to the owners of the 2019 Obligations a notice of defeasance in the form attached hereto as Exhibit B.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after December 1, 2026 shall be transferred to the State of California and become subject to the escheat laws of the State of California.

(d) Priority of Payments. The owners of the 2019 Obligations shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2019 Issuance Document, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all covenants, agreements and other obligations of Valley Water under the 2019 Issuance Document with respect to the 2019 Obligations shall cease, terminate and become void and be discharged and satisfied.

SECTION 6. Application of Certain Terms of 2019 Issuance Document. All of the terms of the 2019 Issuance Document relating to the making of payments of principal of and interest on the 2019 Obligations and relating to the exchange or transfer of the 2019 Obligations are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Sections 8.01 and 8.02 of the 2019 Issuance Document relating to the resignation and removal and merger of U.S. Bank Trust Company, National Association, as trustee under the 2019 Issuance Document are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2 through 4 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. Valley Water hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by Valley Water or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that Valley Water shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall Valley Water or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the 2019 Obligations or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of Valley Water, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the 2019 Obligations or to the validity of this Agreement as to Valley Water and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to Valley Water, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of Valley Water.

SECTION 11. Amendments. This Agreement is made for the benefit of Valley Water and the owners from time to time of the 2019 Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and Valley Water; provided, however, that Valley Water and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, the Law (as such term is defined in the 2019

Issuance Document), or the 2019 Issuance Document, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2019 Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2019 Obligations or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2019 Obligations have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 13. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and Valley Water and any other reasonable fees and expenses of the Escrow Agent approved by Valley Water; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of Valley Water or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify Valley Water in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 18. Notice to Valley Water and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent 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 2019A. Any notice to or demand upon Valley Water shall be deemed to have been sufficiently given or served for all purposes by being mailed by

registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed 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 Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

SANTA CLARA VALLEY WATER DISTRICT

_____
Authorized Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

By:_____
Authorized Officer

SCHEDULE A

Federal Securities

[TO COME]

EXHIBIT A

NOTICE OF REDEMPTION

SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2019A

BASE CUSIP NO. 80168A

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the "Bonds") pursuant to the Indenture of Trust, dated as of March 1, 2019 (the "Indenture"), by and between the Santa Clara Valley Water District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), that the outstanding Bonds in the amount of $13,360,000 have been called for redemption on December 1, 2026 (the "Redemption Date").

CUSIP	MATURITY (June 1)	RATE	PRINCIPAL AMOUNT	REDEMPTION PRICE
80168A BD8	2027	5.00%	$ 320,000	100%
80168A BE6	2028	5.00	340,000	100
80168A BF3	2029	5.00	355,000	100
80168A BG1	2030	5.00	375,000	100
80168A BH9	2031	5.00	390,000	100
80168A BJ5	2032	5.00	410,000	100
80168A BK2	2033	5.00	430,000	100
80168A BL0	2034	5.00	455,000	100
80168A BM8	2035	5.00	475,000	100
80168A BN6	2036	5.00	500,000	100
80168A BP1	2037	5.00	525,000	100
80168A BQ9	2038	5.00	550,000	100
80168A BR7	2039	5.00	580,000	100
80168A BS5	2044	5.00	3,365,000	100
80168A BT3	2049	5.00	4,290,000	100

The Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount plus accrued interest to such date (the "Redemption Price"). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest on the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the Trustee.

All Bonds are required to be surrendered to the principal corporate office of the Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust
Reference: Santa Clara Valley Water District, Series 2019A

If the Owner of any Bonds subject to optional redemption fails to deliver such Bond to the Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

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

DATED this ___ day of October, 2026.

EXHIBIT B

NOTICE OF DEFEASANCE

SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2019A

BASE CUSIP NO. 80168A

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the "Bonds") that the Santa Clara Valley Water District ("Valley Water") has deposited with U.S. Bank Trust Company, National Association, as trustee (the "Trustee") pursuant the Indenture of Trust, dated as of March 1, 2019 (the "Indenture"), by and between Valley Water and the Trustee, cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on December 1, 2026 the regularly scheduled payment of interest on the Bonds, and to pay on December 1, 2026, the principal of the Bonds maturing on and after June 1, 2027.

The Bonds to be defeased are as follows:

CUSIP	MATURITY (June 1)	RATE	PRINCIPAL AMOUNT	REDEMPTION PRICE
80168A BD8	2027	5.00%	$ 320,000	100%
80168A BE6	2028	5.00	340,000	100
80168A BF3	2029	5.00	355,000	100
80168A BG1	2030	5.00	375,000	100
80168A BH9	2031	5.00	390,000	100
80168A BJ5	2032	5.00	410,000	100
80168A BK2	2033	5.00	430,000	100
80168A BL0	2034	5.00	455,000	100
80168A BM8	2035	5.00	475,000	100
80168A BN6	2036	5.00	500,000	100
80168A BP1	2037	5.00	525,000	100
80168A BQ9	2038	5.00	550,000	100
80168A BR7	2039	5.00	580,000	100
80168A BS5	2044	5.00	3,365,000	100
80168A BT3	2049	5.00	4,290,000	100

In accordance with the Indenture, the Bonds are deemed to have been paid in accordance with Section 10.02 thereof and the covenants, agreements and other obligations of Valley Water under the Indenture with respect to the Bonds have ceased, terminated and become void and have been discharged and satisfied.

DATED this ___ day of September, 2026.

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INDENTURE OF TRUST

Dated as of May 1, 2026

By and between

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

and the

SANTA CLARA VALLEY WATER DISTRICT

Relating to

$_____
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REVENUE NOTES,
SERIES 2026C

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into and dated as of May 1, 2026 (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");

W I T N E S S E T H:

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 2026 Notes (as defined herein), to establish and declare the terms and conditions upon which such 2026 Notes 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 2026 Notes, 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 2026 Notes 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 2026 Notes 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 2026 Note 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 2026 Notes 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 privilege, priority or distinction as to the lien or otherwise of any of the 2026 Notes over any of the other 2026 Notes;

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 2026 Notes due or to become due thereon, at the times and in the manner provided in the 2026 Notes 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 2026 Notes 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 2026 Notes, 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.

Accreted Price. The term "Accreted Price" means the greater of (1) 100% and (2) the price of the 2026 Note calculated in accordance with the industry standard method of calculating bond price, excluding any accrued interest, as of the applicable Redemption Date utilizing the respective "Yield" for such 2026 Note shown in the maturity schedules in Section 2.02 hereof.

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 LLP, 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 2026 Notes are delivered to the original purchaser thereof.

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

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 2026 Notes, 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 2026 Notes, 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 2026 Notes and any other cost, charge or fee in connection with the original issuance of the 2026 Notes.

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 2026 Notes.

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 May 1, 2026, 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, 2026 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.

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 2026 Notes 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 2026 Notes, 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 2026 Notes, means (subject to the provisions of Section 11.09) all 2026 Notes theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (i) 2026 Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2026 Notes with respect to which all liability of Valley Water shall have been discharged in accordance with Section 10.02, including 2026 Notes (or portions thereof) described in Section 11.09; and (iii) 2026 Notes for the transfer or exchange of or in lieu of or in substitution for which other 2026 Notes shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner; 2026 Note Owner. The term "Owner" or "2026 Note Owner," whenever used herein with respect to a 2026 Note, means the person in whose name the ownership of such 2026 Note 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 397 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 2026 Notes 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 2026 Notes 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 2026 Notes.

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

Registration Books. The term "Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2026 Notes 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 2026C Acquisition and Construction Fund. The term "Series 2026C Acquisition and Construction Fund" means the fund by that name established for the 2026 Notes 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 2026 Notes, executed and delivered by Valley Water on the date of issuance of the 2026 Notes, including any and all exhibits attached thereto.

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.

2026 Notes. The term "2026 Notes" means the Santa Clara Valley Water District Water System Revenue Notes, Series 2026C issued pursuant to the Water Utility Parity System Master Resolution and 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 2026 NOTES

Section 2.01. Authorization of 2026 Notes. Valley Water hereby authorizes the issuance hereunder from time to time of the 2026 Notes pursuant to the District Act and the Law. The 2026 Notes 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 2026 Notes are hereby designated the "Santa Clara Valley Water District Water System Revenue Notes, Series 2026C" in the aggregate principal amount of $_____. This Indenture constitutes a continuing agreement with the Owners from time to time of the 2026 Notes to secure the full payment of the principal of and interest and premium (if any) on all the 2026 Notes, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2026 Notes. The 2026 Notes shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof.

(a) The 2026 Notes shall mature on December 1 in each of the years and in the amounts set forth below and shall bear interest at the rates set forth below:

Maturity Date (December 1)	***Principal Amount***	***Interest Rate***	***Yield***

Maturity Date (December 1)	*Principal Amount*	*Interest Rate*	*Yield*

(b) Interest on the 2026 Notes 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 2026 Note 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 2026 Notes shall be payable in lawful money of the United States of America.

Each 2026 Note 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, 2026 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 2026 Note, interest thereon is in default, such 2026 Note shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2026 Notes shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2026 Notes. Any 2026 Note 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 2026 Note 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 2026 Note during the period in which the Trustee is selecting 2026 Notes for redemption and any 2026 Note that has been selected for redemption.

Whenever any 2026 Note or 2026 Notes shall be surrendered for transfer, Valley Water shall execute and the Trustee shall authenticate and shall deliver a new 2026 Note or 2026 Notes of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the 2026 Note 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 2026 Notes, the Trustee will cancel and destroy the 2026 Notes it has received.

Section 2.04. Exchange of 2026 Notes. 2026 Notes 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 2026 Note during the period in which the Trustee is selecting 2026 Notes for redemption and any 2026 Note that has been selected for redemption. The Trustee shall require the 2026 Note 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 2026 Notes, the Trustee will cancel and destroy the 2026 Notes 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 2026 Notes, 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 2026 Notes as hereinbefore provided.

The person in whose name any 2026 Note 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 2026 Notes 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 2026 Note to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of 2026 Notes. The 2026 Notes shall be in substantially the form set forth in Exhibit A hereto. The 2026 Notes 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 2026 Notes 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 2026 Notes. The 2026 Notes shall then be delivered to the Trustee for authentication by it. 2026 Notes 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 2026 Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon Valley Water, and also any 2026 Notes may be signed on behalf of Valley Water by such persons as at the actual date of execution of such 2026 Notes shall be the proper officers of Valley Water although at the nominal date of such 2026 Notes any such person shall not have been such officer of Valley Water.

Only such of the 2026 Notes 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 2026 Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. 2026 Notes Mutilated, Lost, Destroyed or Stolen. If any 2026 Note shall become mutilated, Valley Water, at the expense of the Owner of said 2026 Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2026 Note of like tenor, series and authorized denomination in exchange and substitution for the 2026 Notes so mutilated, but only upon

surrender to the Trustee of the 2026 Note so mutilated. Every mutilated 2026 Note so surrendered to the Trustee shall be canceled by it. If any 2026 Note 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 2026 Note of like tenor, series and authorized denomination in lieu of and in substitution for the 2026 Note so lost, destroyed or stolen (or if any such 2026 Note shall have matured or shall be about to mature, instead of issuing a substitute 2026 Note, 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 2026 Note issued under this Section and of the expenses which may be incurred by Valley Water and the Trustee in connection therewith. Any 2026 Note issued under the provisions of this Section in lieu of any 2026 Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of Valley Water whether or not the 2026 Note 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 2026 Notes secured by this Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2026 Note for a 2026 Note 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 2026 Note 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 2026 Notes, Valley Water may provide that such 2026 Notes shall be initially issued as book entry 2026 Notes. If Valley Water shall elect to deliver any 2026 Notes in book entry form, then Valley Water shall cause the delivery of a separate single fully registered note (which may be typewritten) for each maturity date of such 2026 Notes in an authorized denomination corresponding to that total principal amount of the 2026 Notes designated to mature on such date. Upon initial issuance, the ownership of each such 2026 Note shall be registered in the 2026 Note Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2026 Notes, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book entry 2026 Notes, 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 2026 Notes. 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 2026 Notes; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2026 Note Registration Books, of any notice with respect to book entry 2026 Notes, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2026 Notes to be redeemed in the event Valley Water redeems the 2026 Notes 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 2026 Notes. Valley Water and the Trustee may treat and consider the person in whose name each book entry 2026 Note is registered in the 2026 Note Registration Books as the absolute Owner of such book entry 2026 Note for the purpose of payment of principal of, premium and interest on such 2026 Note, for the purpose of giving notices of redemption and other matters with respect to such 2026 Note, for the purpose of registering transfers with respect to such 2026 Note, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the 2026 Notes only to or upon the order of the respective Owner, as shown in the 2026 Note

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 2026 Notes to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2026 Note Registration Books, shall receive a 2026 Note evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2026 Notes. 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 2026 Notes 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 2026 Notes other than the Owners, as shown on the 2026 Note 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 2026 Notes 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 2026 Notes; or (ii) Valley Water determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2026 Notes 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 2026 Note for each of the maturity dates of such book entry 2026 Notes, 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 2026 Notes shall no longer be restricted to being registered in such 2026 Note Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2026 Notes 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 2026 Notes 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 2026 Note and all notices with respect to such 2026 Note 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 2026 Notes to Substitute Depository.

(i) The 2026 Notes shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such 2026 Notes, 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 2026 Notes by the Trustee, together with a Written Request of Valley Water to the Trustee designating the Substitute Depository, a single new 2026 Note, which Valley Water shall prepare or cause to be prepared, shall be issued for each maturity of 2026 Notes 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 2026 Notes by the Trustee, together with a Written Request of Valley Water to the Trustee, new 2026 Notes, 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes shall be controlling.

(iv) Valley Water and the Trustee shall be entitled to treat the person in whose name any 2026 Note 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 2026 Notes.

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 2026 Notes, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2026 Notes.

ARTICLE III

ISSUANCE OF 2026 NOTES; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2026 Notes. 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 2026 Notes in the aggregate principal amounts set forth in Section 2.01 hereof.

Section 3.02. Application of Proceeds of the 2026 Notes. The proceeds received from the sale of the 2026 Notes shall be deposited with the Trustee, who shall (a) transfer $_____ of the proceeds of the 2026 Notes to the Series 2026C Acquisition and Construction Fund and (b) transfer $_____ from the proceeds of the 2026 Notes to the Costs of Issuance Fund. 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. Upon the Written Request of Valley Water, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Series 2026C 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 Series 2026C 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 a separate fund designated as the Series 2026C 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 2026C Acquisition and Construction Fund. Amounts on deposit in the Series 2026C 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.

Within the Series 2026C 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 2026 Notes 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 2026 Notes; 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 2026 Notes have been paid and the acquisition and/or construction of the Project to be financed from proceeds of the 2026 Notes 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 2026C 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 2026 Notes. The validity of the authorization and issuance of the 2026 Notes 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 2026 Notes 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 2026 NOTES

Section 4.01. Terms of Redemption.

(a) The 2026 Notes 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 multiplied by the Accreted Price, plus accrued interest thereon to the Redemption Date.

(b) The 2026 Notes 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.

Section 4.02. Selection of 2026 Notes for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the 2026 Notes in accordance with Sections 4.01(a) and (b) hereof, the Trustee shall select such 2026 Notes 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) and (b) hereof, as applicable. The Trustee will promptly notify Valley Water in writing of the numbers of such 2026 Notes 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 2026 Notes 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 2026 Notes, 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 2026 Notes of any such maturity are to be redeemed, the serial numbers of the 2026 Notes of such maturity to be redeemed by giving the individual number of each 2026 Note or by stating that all 2026 Notes between two stated numbers, both inclusive, have been called for redemption and, in the case of 2026 Notes 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 2026 Notes or parts thereof designated for redemption the redemption price thereof or of said specified portion of the principal thereof in the case of a 2026 Note 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 2026 Notes 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 2026 Note. Notice of redemption of 2026 Notes shall be given by the Trustee at the expense of Valley Water.

With respect to any notice of optional redemption of 2026 Notes, 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 2026 Notes 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 2026 Notes. 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 2026 Notes. Upon surrender of any 2026 Note 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 2026 Note or 2026 Notes of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2026 Notes 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 2026 Notes (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2026 Notes (or portions thereof) so called for redemption shall become due and payable, interest on the 2026 Notes so called for redemption shall cease to accrue, said 2026 Notes (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2026 Notes 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 2026 Notes to be redeemed on their Redemption Dates, pay such 2026 Notes at the redemption price.

All 2026 Notes 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 2026 Notes 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 2026 Notes, 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 2026 Notes 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 2026 Notes remain unpaid. Except as directed herein, all payments of interest and principal on the 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes as it shall become due and payable (including accrued interest on any 2026 Notes 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 2026 Notes at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2026 Notes, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2026 Notes 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 2026 Notes.

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 2026 Notes 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 2026 Notes, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2026 Notes 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 2026 Notes.

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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes, 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 Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, 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 2026 Notes 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 2026 Notes.

Section 5.08. Application of Funds and Accounts When No 2026 Notes are Outstanding. On the date on which all 2026 Notes 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 2026 Note 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 2026 Note (including persons holding 2026 Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2026 Note 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 2026 Notes, in strict conformity with the terms of the 2026 Notes 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 2026 Notes. Valley Water shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2026 Notes or the time of payment of any claims for interest by the purchase of such 2026 Notes or by any other arrangement, and in case the maturity of any of the 2026 Notes or the time of payment of any such claims for interest shall be extended, such 2026 Notes 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 2026 Notes then Outstanding and of all claims for interest thereon which shall not have been so extended.

Section 6.05. Power to Issue 2026 Notes and Make Pledge and Assignment. Valley Water is duly authorized pursuant to law to issue the 2026 Notes, 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 2026 Notes 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 2026 Note 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 2026 Notes 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 2026 Notes 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 2026 Notes or of any other moneys or property which would cause the 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes or take or omit to take any action that would cause the 2026 Notes 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 2026 Notes pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. Valley Water will make no use of the proceeds of the 2026 Notes or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes, 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 2026 Notes 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 2026 Note 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 2026 Note 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 2026 Note Owner upon any claim by a 2026 Note 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 2026 Notes or involving the rights of the Trustee or any 2026 Note Owner under this Indenture; provided that the Trustee or any 2026 Note 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 2026 Note 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 2026 Note 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 2026 Notes. Valley Water shall promptly reimburse any 2026 Note 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 2026 Notes, provided that such litigation shall be concluded favorably to such party's contentions therein.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2026 NOTE 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 2026 Notes 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;

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

(c) 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 2026 Notes 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 2026 Notes 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 2026 Note Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2026 Notes, 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 2026 Notes 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 2026 Notes 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 2026

Note Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2026 Notes 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 2026 Notes 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 2026 Notes or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2026 Notes 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 2026 Notes, subject to the provisions of this Indenture.

Section 7.05. 2026 Note Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2026 Notes 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 2026 Note Owners not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any 2026 Notes 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 2026 Notes, 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 2026 Notes 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 2026 Notes 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 2026 Notes of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2026 Notes 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 2026 Notes, or to enforce any right under the 2026 Notes, this Indenture, or applicable law with respect to the 2026 Notes, 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 2026 Notes, 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 2026 Notes shall affect or impair the obligation of Valley Water, which is absolute and unconditional, to pay the principal of and interest on the 2026 Notes to the respective Owners of the 2026 Notes 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 2026 Notes.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Note 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 2026 Note Owner (on behalf of himself and all other 2026 Note 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 2026 Notes and to the 2026 Note 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 2026 Notes 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 2026 Notes, 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 2026 Notes assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2026 Notes. 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 2026 Notes 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 2026 Note Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes, 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 2026 Notes.

(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 2026 Notes appearing in the Trustee's Registration Books as the absolute owners of the 2026 Notes 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 2026 Note 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 2026 Note 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 2026 Notes 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 2026 Notes, 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 2026 Notes, 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 2026 Note 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 2026 Notes 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 2026 Notes 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 2026 Notes, 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 2026 Notes (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 2026 Notes 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 2026 Notes.

(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 2026 Notes from federal income taxation and the 2026 Notes 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 2026 Notes 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 2026 Notes; Preparation of New 2026 Notes. 2026 Notes 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 2026 Notes Outstanding at the time of such execution and presentation of his or her 2026 Notes 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 2026 Notes. If the Supplemental Indenture shall so provide, new 2026 Notes 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 2026 Notes then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2026 Note Owner, for 2026 Notes then Outstanding, upon surrender for cancellation of such 2026 Notes, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular 2026 Notes. The provisions of this Article shall not prevent any 2026 Note Owner from accepting any amendment as to the particular 2026 Notes held by such 2026 Note 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 2026 Notes.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The 2026 Notes 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 2026 Notes, 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 2026 Notes then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all of the 2026 Notes 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 2026 Notes 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 2026 Notes not theretofore surrendered for such payment or redemption to Valley Water.

Section 10.02. Discharge of Liability on 2026 Notes. 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 2026 Notes (whether upon or prior to the maturity or the Redemption Date of such 2026 Notes), provided that, if such Outstanding 2026 Notes 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 2026 Notes 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 2026 Notes previously issued and delivered, which Valley Water may have acquired in any manner whatsoever, and such 2026 Notes, 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 2026 Notes, 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 2026 Notes and all unpaid interest thereon to maturity, except that, in the case of 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes and remaining unclaimed for two (2) years after the principal of all of the 2026 Notes 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 2026 Notes

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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes are revenue notes of Valley Water and the principal of and interest on the 2026 Notes 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 2026 Notes 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 2026 Note Owners. Nothing expressed or implied in this Indenture or in the 2026 Notes is intended or shall be construed to give to any person other than Valley Water, the Trustee and the Owners of the 2026 Notes, 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 2026 Notes.

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 2026 Notes. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to Valley Water of any 2026 Notes, the Trustee shall destroy such 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026C; 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.

All notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If Valley Water chooses to use electronic signatures to sign documents delivered to the Trustee, Valley Water agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 11.08. Evidence of Rights of 2026 Note Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by 2026 Note Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2026 Note 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 2026 Notes 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 2026 Notes shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2026 Note shall bind every future Owner of the same 2026 Note and the Owner of every 2026 Note 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 2026 Notes. In determining whether the Owners of the requisite aggregate principal amount of 2026 Notes have concurred in any demand, request, direction, consent or waiver under this Indenture, 2026 Notes 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 2026 Notes, 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 2026 Notes, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2026 Notes 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 2026 Notes 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 2026 Notes. 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 2026 Notes 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 2026 Notes. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2026 Notes (or portions of 2026 Notes in the case of registered 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Notes 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 2026 Note 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 2026 Notes have been assigned by an independent service and are included in such notice solely for the convenience of the 2026 Note 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 2026 NOTE

UNLESS THIS NOTE 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 NOTE 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 NOTE,
SERIES 2026C

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	December 1, 20__	_____, 2026	__

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 Note (unless: (i) this Note 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 Note is authenticated on or before November 15, 2026 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 Note, interest is in default on this Note, this Note shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Note), at the Interest Rate per annum specified above, payable on December 1, 2026 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 Note 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 Note is a revenue note of Valley Water and the principal of and interest on this Note 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 May 1, 2026 (the "Indenture"), by and between Valley Water and the Trustee and Valley Water is not obligated to pay this Note 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 Notes do not constitute an indebtedness of Valley Water in contravention of any constitutional or statutory debt limitation or restriction. This Note is not secured by the taxing power of Valley Water.

This Note is one of a duly authorized issue of notes of Valley Water designated as the "Santa Clara Valley Water District Water System Revenue Notes, Series 2026C" (the "Notes") of an aggregate principal amount of _____ Dollars ($_____), 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 Notes 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 Notes are additionally issued pursuant to the Water Utility Parity System Master Resolution, the Indenture and the resolution authorizing the issuance of the Notes. 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 Notes 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 Notes 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 Note, by acceptance hereof, assents and agrees. The Notes have been issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof.

The Notes 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 Notes, as more fully described in the Indenture.

This Note and the interest, premium, if any, hereon and all other Notes 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 Note 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 Notes.

The Indenture and the rights and obligations of Valley Water and of the Owners of the Notes 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 Notes, 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 Note 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 Notes 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 Notes.

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 Notes 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 Indenture, at a redemption price equal to the principal amount thereof multiplied by the Accreted Price, plus accrued interest thereon to the Redemption Date.

The Notes 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.

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 Notes 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 Note 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 Notes 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 Note 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 Note. Upon registration of such transfer, a new Note or Notes 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.

Notes may be exchanged at said Office of the Trustee for a like aggregate principal amount of Notes 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 Note during the period in which the Trustee is selecting Notes for redemption or any Note 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 Note 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 Note, 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 Notes permitted to be issued under the Indenture.

This Note 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 Note to be executed in its name and on its behalf with the manual or facsimile signature of its Chair as of this ___ day of _____, 2026.

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 NOTES]

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

Dated: _____, 2026

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 Note 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 Note 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 Seismic Retrofit Project:

EXHIBIT C

FORM OF REQUISITION

FORM OF WRITTEN REQUEST FOR REQUISITION FROM ACQUISITION AND CONSTRUCTION FUNDS

$_____
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REVENUE NOTES,
SERIES 2026C

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 May 1, 2026 (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 2026C 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 2026C 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

_____
[Title of Authorized Officer]

EXHIBIT 1

ACQUISITION AND CONSTRUCTION FUND DISBURSEMENTS

Item Number	***Payee Name and Address***	***Purpose of Obligation***	***Amount***
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

EXHIBIT D

FORM OF CERTIFICATE FOR PROJECT SUBSTITUTION/ADDITION/DELETION

$_____
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REVENUE NOTES,
SERIES 2026C

The undersigned hereby states and certifies pursuant to Section 3.05 of the Indenture of Trust, dated as of May 1, 2026 (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 2026 Notes 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 2026 Notes.

(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

_____
[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 May 1, 2026 (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 Notes, Series 2026C (the "Notes"). The Notes are being issued pursuant to Resolution No. 2026-__ adopted by the Board of Directors of Valley Water on May 12, 2026 (the "Resolution") and an Indenture of Trust, dated as of May 1, 2026, 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 Notes 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 Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes 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 Notes dated August __, 2026.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"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, 2027, 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 VALLEY WATER — Schedule of Long-Term Indebtedness;

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

(iii) WATER UTILITY SYSTEM — Historical Water Charge Revenues; and

(iv) FINANCIAL INFORMATION OF VALLEY WATER — 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 Notes 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 Notes, 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 Notes or other events affecting the tax status of the Notes;

2. modifications to the rights of Note holders;

3. optional, unscheduled or contingent Note redemptions;

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

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 Note 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 Notes. If such termination occurs prior to the final maturity of the Notes, 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 Notes 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 Notes 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 Notes. 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 Notes. 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 Notes, 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 NOTES, SERIES 2026C
Date of Issuance:	September __, 2026

NOTICE IS HEREBY GIVEN that Valley Water has not provided an Annual Report with respect to the above-named Notes as required by the Continuing Disclosure Agreement executed by Valley Water on the date of execution and delivery of the Notes. 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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OFFICIAL NOTICE OF SALE
AND BID FORM

$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
SERIES 2026A

$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
TAXABLE SERIES 2026B

$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REVENUE NOTES,
SERIES 2026C

NOTICE IS HEREBY GIVEN that electronically submitted bids will be received for the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A (the "2026A Bonds"), Water System Refunding Revenue Bonds, Taxable Series 2026B (the "2026B Bonds") and Water System Revenue Notes, Series 2026C (the "2026C Notes" and together with the 2026A Bonds and the 2026B Bonds, the "Securities") (each of the 2026A Bonds, the 2026B Bonds and the 2026C Notes are referred to herein as a "Series" of Securities). Capitalized terms used herein but not otherwise defined shall have the respective meanings ascribed to such terms in the Preliminary Official Statement (defined below).

The Securities will be delivered pursuant to Resolution No. 16-10 adopted by the Board of Directors (the "Board") of the Santa Clara Valley Water District ("Valley Water") on February 23, 2016, as amended (the "Water Utility Parity System Master Resolution"), Resolution No. 2026-__ adopted by the Board on May 12, 2026 (collectively, the "Resolution"), with respect to the 2026A Bonds and the 2026B Bonds, an Indenture of Trust, dated as of May 1, 2026 (the "Bond Indenture") between Valley Water and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee"), and with respect to the 2026C Notes, an Indenture of Trust, dated as of May 1, 2026, (the "Note Indenture") between Valley Water and the Trustee. The Securities will be offered for sale according to the following terms:

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

> Valley Water shall not do business with banks who do not have an ESG ranking at or better than the "Average/Medium" category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine

Bay Area counties with total assets at or below $10 billion are exempt from this provision.

Bidders must also be eligible for appointments as part of the State of California Treasurer's 2025-27 Underwriter Pool (https://www.treasurer.ca.gov/bonds/pools/underwriter.asp) on the sale date. Valley Water shall have sole discretion to determine the eligibility of all bidders in accordance with the foregoing requirements. **Bids from firms determined to be ineligible shall be rejected.**

SALE DATE: Separate electronic bids will be received for the 2026A Bonds, the 2026B Bonds and the 2026C Notes on _____, 2026; provided, however, that Valley Water reserves the right to cancel one, or both, of the sales or postpone the sale date, as more fully described herein under "Postponement and Cancellation." Electronic bids must be submitted through PARITY™, as further described herein under "ELECTRONIC BIDS."

The Securities are more particularly described in the Preliminary Official Statement, dated _____, 2026 (the "Preliminary Official Statement"), the Resolution, the Bond Indenture and in the Note Indenture, as applicable.

TIMES: Electronic bids will be received for the 2026A Bonds until [7:45] a.m. California time.

Electronic bids will be received for the 2026B Bonds until [8:15] a.m. California time.

Electronic bids will be received for the 2026C Notes until ____ a.m. California time.

ELECTRONIC BIDS: Any prospective bidder intending to submit an electronic bid must submit its bid via PARITY®.

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

Client Services
Municipal Products (Long Term)
(212) 849-5023
munis@spglobal.com

Each electronic bid shall be deemed an irrevocable offer to purchase the 2026A Bonds, the 2026B Bonds and/or the 2026C Notes pursuant to the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to Valley Water. Valley Water shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY™, the use of such facilities being the sole risk of the prospective bidder.

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

DATE AND DENOMINATION: The Securities are to be issued in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available in book-entry form only in denominations of $5,000 or any integral multiples thereof, all dated as of the dated date of the Securities, and comprising all of the authorized Securities of a sale (the 2026A Bonds, the 2026B Bonds or the 2026C Notes).

PAYMENT: Payment of interest with respect to any Security on each June 1 and December 1 (each, an "Interest Payment Date"), commencing December 1, 2026, shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date (the close of business on the fifteenth day of the month preceding each Interest Payment Date, whether or not such fifteenth day is a business day) immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such Owner on the Interest Payment Date at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Trustee for that purpose on or before the Record Date.

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

MATURITIES: The Securities will mature or be subject to mandatory sinking fund redemption on the dates and in the amounts, as set forth in the respective Bid Form. Each bidder may specify in its bid whether, for any particular year, the 2026A Bonds or 2026B Bonds of a given Series will be term bonds subject to mandatory sinking fund redemption in the applicable principal amounts set forth in the respective Bid Form. (See "Redemption" below for additional details.) The final amount of each maturity of the Securities shall be subject to increase or reduction as described below under the heading "Terms of Sale — Adjustment of Maturity Amounts."

REDEMPTION:

Redemption from Insurance or Eminent Domain Proceeds. The Securities 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 multiplied by the Accreted Price, plus accrued interest thereon to the Redemption Date.

Optional Redemption. The 2026A 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 2026B 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 2026C Notes 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

Any bidder may, at its option, specify that one or more maturities of the 2026A Bonds and 2026B Bonds will consist of term bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of the 2026A Bonds or 2026B Bonds will be term bonds, such term bonds will be subject to mandatory sinking fund redemption in part, by lot, on each June 1, in integral multiples of $5,000 at a redemption price of the principal amount thereof plus accrued interest evidenced thereby to the date fixed for redemption, without premium.

PURPOSE: The proceeds of the sale of the 2026A Bonds and 2026B Bonds are to be applied to refund all or a portion of Valley Water's outstanding Water System Refunding Revenue Bonds, Taxable Series 2016B, Revenue Certificates of Participation (Water Utility System Improvement Projects) Taxable Series 2016D, Water System Refunding Revenue Bonds, Series 2017A, Water System Refunding Revenue Bonds, Series 2019A, and to pay the principal of certain commercial paper notes and certain revolving certificates.

The proceeds of the sale of the 2026C Notes are to be applied to finance the acquisition and/or construction, or reimburse the cost of the acquisition and/or construction, of certain water utility system improvements and to pay costs of issuance with respect thereto.

SECURITY: The 2026A Bonds and 2026B Bonds are secured by a pledge of and lien under the Water Utility Parity System Master Resolution and the Bond Indenture on Valley Water's Water Utility System Revenues and are payable from Net Water Utility System Revenues, all as more fully described in the Preliminary Official Statement.

The 2026C Notes are secured by a pledge of and lien under the Water Utility Parity System Master Resolution and the Note Indenture on Valley Water's Water Utility System Revenues and are payable from Net Water Utility System Revenues, all as more fully described in the Preliminary Official Statement.

TERMS OF SALE

Form of Bid; Maximum Discount/Premium

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

Each bid for the 2026A Bonds must be for not less than all of the 2026A Bonds offered for sale. The purchase price for the 2026A Bonds must be not less than ___% of the par value thereof and not more than ___% of the par value thereof.

Each bid for the 2026B Bonds must be for not less than all of the 2026B Bonds offered for sale. The purchase price for the 2026B Bonds must be not less than __% of the par value thereof and not more than ___% of the par value thereof.

Each bid for the 2026C Notes must be for not less than all of the 2026C Notes offered for sale. The purchase price for the 2026C Notes must be not less than __% of the par value thereof and not more than ___% of the par value thereof.

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

Designation of Interest Rates

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

(i) each interest rate specified for the 2026A Bonds and 2026C Notes must be in a multiple of one-twentieth (1/20) or one-eighth (1/8) of one percent (1%) and a zero rate of interest cannot be specified;

(ii) each interest rate specified for the 2026B Bonds must be in a multiple of one-thousandth (1/1000) of one percent (1%) and a zero rate of interest cannot be specified;

(iii) none of the 2026A Bonds maturing after June 1, 2036 shall have a rate of interest of no less than five percent (5.00%) per annum;

(iv) interest with respect to each Security shall be computed from the scheduled delivery date of the Securities, to its stated maturity at the interest rate specified in the bid, payable on the Interest Payment Dates as set forth above;

(v) all Securities of a given Series maturing at any one time shall represent the same rate of interest; and

(vi) no proposal will be accepted which contemplates the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price.

Designation of Best Bid

The Securities of a Series will be awarded to the eligible and responsible bidder whose bid produces the lowest true interest cost ("TIC") on the Securities of such Series (and without regard to any adjustment of the principal amount after the receipt of bids and described under the caption "Terms of Sale — Adjustment of Maturity Amounts"). The TIC specified in any bid will be that rate which, when used in computing the present worth of all payments of principal and interest to be paid on all Securities in such Series to _____, 2026*, the delivery date of the Securities, from their respective maturity dates (or mandatory sinking fund redemption dates) produces an amount equal to the purchase price specified in such bid. For purposes of computing the TIC represented by any proposal, the purchase price specified in such proposal shall be equal to the par amount of the Securities in such Series plus any premium or minus any discount specified in such proposal, and the TIC shall be calculated by the use of a semiannual interval of compounding interest, computed on the basis of a 360-day year consisting of twelve 30-day months, based on the Interest Payment Dates for the Securities in such Series. In the event two or more bids offer the same lowest TIC, Valley Water reserves the right to exercise its own discretion and judgment in making the award.

Adjustment of Maturity Amounts

The principal components of each maturity of Securities set forth in the Bid Forms reflect certain estimates of Valley Water and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium (or discount) contained in the winning bid. Following the determination of the successful bidder for the Securities of a Series (a "Purchaser"), Valley Water reserves the right to adjust the par amount of the Securities (in $5,000 increments) for the purpose of achieving its financing objectives. Any such adjustment shall not (1) cause the aggregate principal amount of the Securities in such Series to increase or decrease by more than __% from the total amount shown in the table titled "Maturity" in the Bid Forms or (2) change the principal amount of any maturity (or mandatory sinking fund redemption date) of a Series by more than $_____, including the elimination of an entire maturity. Any such adjustments will be made within 24 hours of the bid opening and at the sole discretion of Valley Water. The dollar amount bid for the Securities of a Series by a Purchaser will be adjusted to reflect any adjustments in the total principal amount. Any such adjustment may change the total (but not the per bond) dollar amount of underwriter's discount and aggregate premium or discount provided in such bid. A PURCHASER OF A SERIES MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.

No Bond Insurance

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

Right to Reject Bids, Waive Irregularities

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

* *Preliminary, subject to change.*

Prompt Award

In the event Valley Water accepts a bid of a Series, Valley Water will give notice of the award by telephone or via PARITY™ to the Purchaser not later than three hours after the time specified above for receipt of a particular bid. Upon the giving of such notice, the Securities in such Series shall be deemed sold to the bidder so notified.

Good Faith Deposit

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

The Deposit for the 2026A Bonds is $_____.

The Deposit for the 2026B Bonds is $_____.

The Deposit for the 2026C Notes is $_____.

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

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

Deliver and Payment; Book Entry Only

Delivery of the Securities is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about _____, 2026 and will be available to a Purchaser in book-entry form only as more fully set out in the Official Statement for the Securities. Payment for the Securities in a Series must be made in Federal Reserve Bank funds or other funds immediately available to the Trustee in San Francisco, California. Any expense associated with providing immediate funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the Purchaser. The delivery of the Securities of each Series is not dependent on the delivery of the other Series.

Right of Cancellation

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

Statement of True Interest Cost

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

CUSIP Numbers

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

Official Statement

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

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

Issue Price

The Purchaser(s) of the 2026A Bonds and the 2026C Notes shall assist Valley Water in establishing the issue price of the 2026A Bonds and 2026C Notes and shall execute and deliver to Valley Water in connection with the delivery of the 2026A Bonds and the 2026C Notes, the Closing Issue Price Certificate described under "***Closing Issue Price Certificate***" herein, setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2026A Bonds and 2026C Notes, as applicable, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as

may be appropriate or necessary, in the reasonable judgment of Valley Water and Stradling Yocca Carlson & Rauth LLP ("Stradling").

Valley Water intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2026A Bonds and the 2026C Notes) will apply to the initial sale of the 2026A Bonds and the 2026C Notes (the "competitive sale requirements") because:

(1) Valley Water shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) Valley Water may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) Valley Water anticipates awarding the sale of the 2026A Bonds and the 2026C Notes to the bidder(s) who submits a firm offer to purchase the 2026A Bonds and the 2026C Notes at the highest price (or lowest true interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the 2026A Bonds and the 2026C Notes, as specified in the bid. As described in more detail in the following paragraphs, if the competitive sale requirements set forth in (3) above are not satisfied, Valley Water has determined to apply the hold-the-offering-price rule (as described in the second paragraph below) to each applicable maturity of the 2026A Bonds and the 2026C Notes, and the winning bidder agrees to comply with the hold-the-offering-price rule, in the manner described below.

Bidders should prepare their bids on the assumption that Valley Water will determine the issue price of the 2026A Bonds and the 2026C Notes either based on the reasonably expected initial offering price to the public or by application of the hold-the-offering-price rule. By submitting a bid, bidders certify that it is an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations.

In the event the competitive sale requirements set forth in (3) above are not satisfied, the Purchaser(s) of the 2026A Bonds and the 2026C Notes is required to comply with the hold-the-offering-price rule. The Purchaser(s) of the 2026A Bonds and the 2026C Notes shall also confirm that any underwriters participating in the purchase of the 2026A Bonds and the 2026C Notes have offered or will offer each maturity of the 2026A Bonds and the 2026C Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder. The Purchaser(s) of the 2026A Bonds and the 2026C Notes further shall agree, on behalf of any underwriters participating in the purchase of the 2026A Bonds and the 2026C Notes, that the underwriters will neither offer nor sell unsold 2026A Bonds and 2026C Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5^{th}) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the 2026A Bonds and the 2026C Notes to the public at a price that is no higher than the initial offering price to the public.

The Purchaser(s) of the 2026A Bonds and the 2026C Notes shall within one business day report to Valley Water, when the Purchaser(s) of the 2026A Bonds and the 2026C Notes or any underwriters participating in the purchase of the 2026A Bonds and the 2026C Notes have sold 10% of that maturity of the 2026A Bonds and the 2026C Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The Purchaser(s) of the 2026A Bonds and the 2026C Notes shall cooperate with Valley Water and Stradling, including by providing requested information to assist in establishing the issue price of the 2026A Bonds and the 2026C Notes and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the Purchaser(s) of the 2026A Bonds and the 2026C Notes will confirm that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which any winning bidder is a party) relating to the initial sale of the 2026A Bonds and 2026C Notes to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the 2026A Bonds and the 2026C Notes to the public, together with the related pricing wires, will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2026A Bonds and the 2026C Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any 2026A Bonds and any 2026C Notes to any person that is a related party to an underwriter participating in the initial sale of the 2026A Bonds and 2026C Notes to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Official Notice of Sale:

(1) "public" means any person other than an underwriter or a related party to an underwriter,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with Valley Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2026A Bonds and the 2026C Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the

initial sale of the 2026A Bonds and 2026C Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2026A Bonds and 2026C Notes to the public),

(3) a purchaser of any of the 2026A Bonds and any of the 2026C Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) "sale date" means the date that the 2026A Bonds and 2026C Notes are awarded by the Valley Water to the Purchaser(s) of the 2026A Bonds and 2026C Notes.

Closing Issue Price Certificate. As a condition of delivery of the 2026A Bonds and the 2026C Notes, the Purchaser(s) of the 2026A Bonds and the 2026C Notes must submit to Valley Water a certificate (the "Closing Issue Price Certificate" further described below), substantially in the form attached in Exhibit A, with such modifications as may be appropriate or necessary in the reasonable judgment of Valley Water and Stradling. In making such representations, the Purchaser(s) of the 2026A Bonds and the 2026C Notes must reflect the anticipated existence, if any, of a "derivative product" (*e.g.*, a tender option) offered or to be offered by the Purchaser(s) of the 2026A Bonds and the 2026C Notes or any affiliate in connection with the initial sale of any of the 2026A Bonds and 2026C Notes. The Purchaser(s) of the 2026A Bonds and the 2026C Notes shall also, if asked by Stradling, provide additional information necessary in the judgment of Stradling to determine issue price of the 2026A Bonds and 2026C Notes.

DTC Fee

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

California Debt and Investment Advisory Commission

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

Tax-Exempt Status

Stradling will render its opinion as to the 2026A Bonds and the 2026C Notes that, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements, interest on the 2026A Bonds and 2026C Notes is excluded from gross income for federal income tax purposes and is not an item of

tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the 2026A Bonds and the 2026C Notes might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. Stradling will also render its opinion that interest on all the Securities (including the 2026B Bonds) is exempt from State of California personal income tax.

Legal Opinion

The legal opinion of Stradling, as Bond Counsel with respect to the 2026A Bonds, 2026B Bonds, and 2026C Notes, approving the validity of the applicable Indenture, will be furnished to the Purchasers of the 2026A Bonds, 2026B Bonds, and 2026C Notes without cost. A copy of the legal opinions, certified by the official in whose office the original is filed, will be printed on each Security at the expense of Valley Water.

Continuing Disclosure

In order to assist the Purchasers in complying with the Rule, Valley Water has committed to undertake, pursuant to Continuing Disclosure Agreements with respect to the 2026A Bonds, 2026B Bonds, and the 2026C Notes, to provide certain annual financial information and notices of the occurrence of certain events, if material. Copies of the undertakings are set forth as appendices to the Preliminary Official Statement and will also be set forth in the final Official Statement. Valley Water will be required to deliver Continuing Disclosure Agreements in substantially the forms and containing substantially the same provisions as set forth in the Preliminary Official Statement, and the failure by Valley Water to deliver such documents in form and substance identical to the forms set forth in the Preliminary Official Statement will relieve the Purchasers of their obligation to purchase their related Securities. See the Preliminary Official Statement under the caption "CONTINUING DISCLOSURE UNDERTAKING" for information with respect to Valley Water's prior compliance with undertakings pursuant to the Rule.

Closing Documents

Valley Water will furnish to the Purchasers at the closing of the Securities: (i) a no-litigation certificate certifying that as of and at the time of delivery of the Securities, there is no litigation or administrative proceeding pending or threatened concerning the validity of the Securities, the security of the Securities, the corporate existence of Valley Water or the title of the officers legally responsible for the authorization, execution and delivery of the Securities of their respective offices; (ii) a certificate of authorized officials of Valley Water, stating to the best knowledge, information and belief of such officials, that the Preliminary Official Statement used in connection with the Securities, did not on the date of sale, and the final Official Statement does not on the date of delivery (excluding certain information therein): (a) contain any untrue statement of a material fact; or (b) omit to state a material fact necessary in order to make the statements therein contained, in light of the circumstances under which they were made, not misleading; (iii) to each Purchaser, a receipt of the Trustee showing that the purchase price of the Securities in their respective Series has been received by the Trustee; and (iv) to the Purchaser(s) of the 2026A Bonds and 2026C Notes, a certificate of Valley Water stating that on the basis of the facts, estimates and circumstances in existence on the date of delivery, it is not expected that the proceeds of the 2026A Bonds and 2026C Notes will be used in a manner that would cause the Securities to be arbitrage bonds within the meaning of Section 148 of the Code.

Right to Modify or Amend

Valley Water reserves the right to modify or amend this Official Notice of Sale including, but not limited to, the right to adjust and change the amortization schedule of the Securities being offered as described above under the caption "Terms of Sale — Adjustment of Maturity Amounts;" however, such modifications or amendments shall be made not later than 1:00 p.m. (California time) one business day prior to the bid opening and communicated through notice delivered via MuniOS (www.munios.com), LSEG Data & Analytics, a Division of London Stock Exchange Group, plc (www.lseg.com/en/data-analytics/trading-solutions/municipal-market-monitor-tm3), or by some other communication method as determined by Valley Water.

Postponement or Cancellation

Valley Water reserves the right to cancel at any time or postpone, from time to time, the date established for the receipt of bids. Any such cancellation or postponement will be announced by notice delivered via MuniOS (www.munios.com), LSEG Data Analytics, a Division of London Stock Exchange Group, plc (www. lseg.com/en/data-analytics/trading-solutions/municipal-market-monitor-tm3tm3.com), or by some other communication method as determined by Valley Water prior to the date and time for receipt of bids. If any date fixed for the receipt of bids is postponed, any alternative sale date will be announced by notice delivered via MuniOS (www.munios.com), LSEG Data Analytics, a Division of London Stock Exchange Group, plc (www. lseg.com/en/data-analytics/trading-solutions/municipal-market-monitor-tm3tm3.com), or by another communication method as deemed by Valley Water at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Securities in conformity in all respects with the provisions of this Official Notice of Sale except for the new date of sale and except for the changes announced at the time the new sale date and times are announced.

Additional Information

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

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

Dated: _____, 2026

/s/ Darin Taylor
Chief Financial Officer

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

**$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
SERIES 2026A**

To: The Santa Clara Valley Water District

We offer to purchase all of the aggregate principal amount of the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A (the "2026A Bonds"), more particularly described in the Official Notice of Sale dated _____, 2026, which is incorporated herein and made a part hereof, at an aggregate purchase price of $_____.

This offer is for 2026A Bonds representing interest at the rates and maturities (or be subject to mandatory sinking fund redemption) as follows.

Maturity (June 1)	***Principal Amount****	***Interest Rate***	***Yield***	***Price***	***Serial or Term***		***Term Maturity***
					Serial	***Term***	

* *Preliminary, subject to change.*

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

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the 2026A Bonds.

We represent that we are an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the 2026A Bonds are awarded pursuant to this bid.

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

Respectfully submitted,

_____
Name of Firm

By:_____

Telephone No. _____

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

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

$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
TAXABLE SERIES 2026B

To: The Santa Clara Valley Water District

We offer to purchase all of the aggregate principal amount of the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Taxable Series 2026B (the "2026B Bonds"), more particularly described in the Official Notice of Sale dated _____, 2026, which is incorporated herein and made a part hereof, at an aggregate purchase price of $_____.

This offer is for 2026B Bonds representing interest at the rates and maturities (or be subject to mandatory sinking fund redemption) as follows.

Maturity (June 1)	***Principal Amount****	***Interest Rate***	***Yield***	***Price***	***Serial or Term***		***Term Maturity***
					Serial	***Term***	

* *Preliminary, subject to change.*

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

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the 2026B Bonds.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the 2026B Bonds are awarded pursuant to this bid.

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

Respectfully submitted,

_____
Name of Firm

By:_____

Telephone No. _____

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

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

**$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REVENUE NOTES,
SERIES 2026C**

To: The Santa Clara Valley Water District

We offer to purchase all of the aggregate principal amount of the Santa Clara Valley Water District Water System Revenue Notes, Series 2026C (the "2026C Notes"), more particularly described in the Official Notice of Sale dated _____, 2026, which is incorporated herein and made a part hereof, at an aggregate purchase price of $_____.

This offer is for 2026C Notes representing interest at the rates and maturities (or be subject to mandatory sinking fund redemption) as follows.

Maturity ([December] 1)	***Principal Amount****	***Interest Rate***	***Yield***	***Price***	***Serial or Term***		***Term Maturity***
					Serial	***Term***	

* *Preliminary, subject to change.*

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

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the 2026C Notes.

We represent that we are an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the 2026C Notes are awarded pursuant to this bid.

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

Respectfully submitted,

_____
Name of Firm

By:_____

Telephone No. _____

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

EXHIBIT A

[$_____
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REFUNDING REVENUE BONDS,
SERIES 2026A]

[$_____*
SANTA CLARA VALLEY WATER DISTRICT
WATER SYSTEM REVENUE NOTES,
SERIES 2026C]

CERTIFICATION OF THE PURCHASER

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

[IF 3 BIDS RECEIVED]

A. Issue Price.

1. On _____, 2026 the Purchaser won on a competitive basis the right to reoffer the Obligations.

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

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

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

B. Defined Terms.

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

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

3. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

4. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

5. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [_____ __, 2026].

6. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

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

1. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.

2. By submission of its bid, the Purchaser has agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.

B. Defined Terms.

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

2. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

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

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

5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is _____ __, 2026.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

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

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

Dated: [_____ __, 2026]

_____

By: _____
Authorized Representative

[IF 3 BIDS]

SCHEDULE A

EXPECTED OFFERING PRICES

Maturity Date ([June]/[December] 1)	*Principal Amount*	*Interest Rate*	*Expected Offering Prices*

[IF 3 BIDS]

SCHEDULE B

COPY OF UNDERWRITER'S BID

(*Attached*)

[IF 3 BIDS NOT RECEIVED]

SCHEDULE A

Date	*Principal Amount*	*Rate*	*Initial Offering Price*	*General Rule Maturities*	*Hold-the-Offering-Price Maturities*

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

Whereas, this agreement (the "Agreement"), dated as of May 1, 2026, is by and between the Santa Clara Valley Water District ("Valley Water") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), with respect to the $_____ Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2026A (the "Bonds");

Whereas, Valley Water is utilizing a portion of the proceeds of the Bonds to construct and equip the purified water project described in Resolution No. 2026-03 adopted by the Board of Directors of Valley Water on January 27, 2026 (the "Project")

Whereas, purified water ("Purified Water") from the Project is expected to be utilized in Valley Water's direct potable reuse program;

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

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

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

1. Valley Water shall comply with Section 6.10 of the Indenture dated as of May 1, 2026, by and between Valley Water and the Trustee. Section 6.10 is attached hereto as Attachment A.

2. The terms of all Contracts by the District are consistent with and will be consistent with this Agreement and, therefore, each sale of water by Valley Water is restricted by the terms of this Agreement.

3. To ensure compliance with the restrictions herein, during the Measurement Period, Valley Water will provide annual reports to the Trustee describing the amount of Purified Water produced by the Project and the amount of Purified Water so utilized under (A), (B), or (C) of the

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

SANTA CLARA VALLEY WATER DISTRICT

By:_____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By:_____

ATTACHMENT A

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

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

PURIFIED WATER PUBLIC USE
ANNUAL MONITORING REPORT

Submit to: *Trustee*
Date: *MM/DD/YYYY*

This Allocation Monitoring Report for the period of *MM/DD/YYYY - MM/DD/YYYY* (the "**Annual Period**") is provided pursuant to the Agreement With Respect to the Usage of the San Jose Purified Water Project dated as of May 1, 2026 (the "Agreement") by and between the Santa Clara Valley Water District and U.S. Bank Trust Company, National Association. Unless otherwise defined herein, all capitalized terms in this Allocation Monitoring Report have the meanings assigned to those terms in the Agreement.

Operating Status. [*Provide a narrative summary of the Project's operating status during the Annual Period (days in operation, production issues, maintenance impacts, other challenges) and update the table below.*]

Date	***Annual Purified Water Production (AF)***	***Annual Purified Water Production Allocated to Public Use (AF)***							***Cumulative Total Purified Water Production (AF)***	***Cumulative Annual Production Allocated to Public Entities (AF)***
		City of Milpitas	***City of San Jose***	***City of Mountain View***	***City of Santa Clara***	***City of Sunnyvale***	***Groundwater Recharge***	***Other Public Use***		

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I. LEGAL REQUIREMENTS

In the issuance and management of debt, the Santa Clara Valley Water District ("Valley Water") shall comply with all legal constraints and conditions imposed by federal, state, or local law, including the District Act and any contractual covenants associated with the debt.

The issuance and management of debt is governed by Board Governance Policy No. EL-4.7 as adopted and amended by the Board of Directors of the Santa Clara Valley Water District. Additionally, Board Resolution 17-11 adopted on March 14, 2017, authorized the Chief Financial Officer and the Treasury and Debt Officer to approve any amendments to the Debt Management Policy from time-to-time as necessary (see Attachment D).

The Investment Policy is included as an attachment to the Resolution Delegating Authority to Deposit and Invest Funds which is adopted by the Board of Directors annually.

1. Governing Law

i. **The District Act**
Valley Water is a multi-purpose special district duly organized and validly existing under the Constitution and the laws of the State of California. The District Act, which created Valley Water, is consulted when issuing debt for compliance. Pursuant to Assembly Bill 939 ("AB 939"), which became effective on January 1, 2024, the District Act was amended to provide, among other changes, that (i) revenue bonds issued pursuant to the District Act shall be repaid from applicable Valley Water revenues after the payment of operation and maintenance costs (i.e. in accordance with the structure set forth in the Parity Master Resolution); (ii) General Obligation bonds may be issued subject to a 2/3 voter approval; and (iii) short-term debt may be issued with a maturity not in excess of five years, and subject to a limit as to the principal and interest thereon that is not in excess of 85 percent of the estimated amount of the revenues, charges, taxes, and assessments of or allocable to Valley Water that will be available in that fiscal year for payment of the short-term debt.

ii. **California Law**
State law dictates certain requirements when issuing debt and certain statutes must be followed for any issuance or refunding.

iii. **Federal Tax law**
Valley Water shall issue and manage debt in accordance with the limitations and constraints imposed by federal tax law to maximize its ability to sell tax-exempt debt. Such constraints include, but are not limited to, private activity tests, review of eligible projects, spend-down tests and arbitrage rebate limitations.

iv. **Governing Legal Documents (Current)**
a. The **Flood Control System Master Resolution** of Valley Water, adopted on June 23, 1994, as Resolution 94-60 and subsequent amendments establishes the basic security structure of flood control related debt issued by Valley Water, secured by

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Flood Control System Revenues including Flood Control Benefit Assessments. Key terms and conditions include, but are not limited to, the definition of pledged revenues, the rate covenant, and the additional bonds test.

b. The **Water Utility Parity System Master Resolution**, adopted February 23, 2016, as Resolution 16-10 and subsequent amendments (Resolution 16-82 adopted December 13, 2016), establishes the **parity lien** security structure for water utility related debt issued by Valley Water, secured by Water Utility Revenues.

c. The **Safe, Clean Water Master Resolution**, adopted May 11, 2021, as Resolution 21-34, establishes the **parity lien** security structure for Safe, Clean Water Program related debt issued by Valley Water, secured by Safe, Clean Water Revenues, including the special parcel tax.

v. Obsolete Governing Legal Document

The **Water Utility System Master Resolution,** adopted June 23, 1994, as Resolution 94-58 and subsequent amendments (Resolution 06-80 adopted November 28, 2006), established the **senior lien** security structure for water utility related debt issued by Valley Water prior to 2016. **The senior lien was terminated on June 1, 2022, upon the full redemption of the Water Utility System Refunding Revenue Bonds, Taxable Series 2006B.**

2. Executive Limitation

The Debt Policy complies with Valley Water Board Governance Policy - Executive Limitation (EL-4.7) (Revision as of July 29, 2015) which states that the Board Appointed Officer shall:

4.7 Not indebt the organization, except as provided in the District Act, and in an amount greater than can be repaid by certain, otherwise unencumbered, revenues within 90 days, or prior to the close of the fiscal year.

4.7.1 Not issue debt (long or short-term obligations that are sold within the financial marketplace) that conflicts with the District Act or the legal authority of the Valley Water without Board authorization;
4.7.2 Not issue debt without a demonstrated financial need;
4.7.3 Meet debt repayment schedules and covenants of bond documents;
4.7.4 Establish prudent Valley Water Debt Policies that are consistent with Board policies and provide guidance to employees in regards to administering the debt programs and agreements, including consideration for the appropriate level of debt for the Valley Water to carry and structuring debt repayment to address intergenerational benefits;
4.7.5 Be consistent with the Valley Water Debt Policies and any addendums when issuing debt;
4.7.6 Maintain strong credit ratings and good investor relations.

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

II. POLICY STATEMENT

The Debt Management Policy sets forth debt management objectives for Valley Water, establishes overall parameters for issuing and administering the debt portfolio, and provides policy guidelines to decision makers.

Implementation of the Debt Management Policy will help to ensure that Valley Water maintains a sound debt position and protects its credit quality, as well as maintain compliance with California Government Code section 8855 (i) which requires any issuer of public debt to certify with the California Debt and Investment Advisory Commission (CDIAC) that the issuer has adopted local debt policies concerning the use of debt and any proposed debt issuance is consistent with those policies as well as file certain annual reports with CDIAC by January 31 of each year.

A. Debt Issuance Principles

1. Permitted Debt Type

Valley Water may legally issue both short-term and long-term debt, using the debt instruments described below. The Financial Services Division, in consultation with the District Counsel, Bond Counsel and Financial Advisors, shall determine the most appropriate instrument for a proposed bond sale.

i. **General Obligation Bonds**
Valley Water is empowered, under its District Act, to levy taxes on all taxable property within its boundaries for the purpose of paying its voter approved general obligation bonds, subject to certain limitations in the District Act, the California Revenue and Taxation Code and the California Constitution. Pursuant to SB 939, effective January 1, 2024, the District Act was amended to enable Valley Water to issue general obligation bonds payable from ad valorem taxes, provided that Valley Water obtains the approval of a two-thirds (2/3) majority of those voters in a local election. Such general obligation bonds will be issued in accordance with the restrictions set forth in Proposition 13.

ii. **Certificates of Participation**
Certificates of Participation (COPs) provide debt financing through a lease or installment sale agreement. Valley Water issuance of COPs is facilitated by the Santa Clara Valley Water District Public Facilities Financing Corporation, a California nonprofit benefit

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corporation that was created by the Valley Water specifically to serve as party to the installment sale agreements and contracts of indebtedness securing Valley Water COPs.

The authority to execute and deliver an Installment Purchase Agreement which will secure the COPs to be executed and delivered by the Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) is provided in Section 5 of the District Act.

For the Watershed Funds, a two-thirds (2/3) majority vote of the ratepayers is necessary to levy benefit assessments which would secure the COPs.

iii. **Commercial Paper**

On December 17, 2002, the Board of Directors passed Resolutions 02-76 and 02-77 which authorized the execution and delivery of a taxable and tax-exempt Tax and Revenue Anticipation Notes ("TRANs") to support the Commercial Paper Program. Each fiscal year, the Board approves new resolutions for new TRANs to support the Commercial Paper Program. Voter approval is not required to issue commercial paper and the proceeds of commercial paper may be used for Valley Water purposes, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of Valley Water .

Commercial Paper is intended to be utilized as a short-term financing tool for bridge financing. Valley Water will issue Commercial Paper in amounts up to the authorized limit with the intention of paying off the outstanding Commercial Paper debt when a long-term bond is issued, or another source of revenue has been identified. Due to the quickness and ease of issuing Commercial Paper, it could be looked upon as "just-in-time" financing.

Direct Issue Commercial Paper Program. Effective January 1, 2024, the District Act was amended, which among other amendments, authorizes Valley Water to directly issue short-term notes (the "Direct Issue Notes") with a maturity not in excess of five years, and subject to a limit as to the principal and interest thereon that is not in excess of 85 percent of the estimated amount of the revenues, charges, taxes, and assessments of or allocable to Valley Water that will be available in that fiscal year for payment of the Direct Issue Notes.

iv. **Revenue Bonds**

The District Act provides that Valley Water may issue revenue bonds in accordance with the District Act, and the applicable provisions of Government Code Section 54300 et seq. (the "Revenue Bond Law"), after Valley Water has submitted to the qualified voters of Valley Water at a special election, a proposition as to whether Valley Water may authorize and sell revenue bonds under the District Act. At an election held on November 6, 1984, the qualified voters within Valley Water approved a proposition authorizing Valley Water to issue revenue bonds in accordance with the District Act (the "Proposition"). Prior to the amendments to the District Act pursuant to Assembly Bill 939 ("AB 939"), which became effective on January 1, 2024, the principal of and interest

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on revenue bonds issued in accordance with the District Act were required to be repaid prior to the payment of operation and maintenance costs. AB 939 amended the District Act to provide, among other changes, that the principal of and interest on revenue bonds issued pursuant to the District Act shall be repaid from applicable Valley Water revenues remaining after the payment of operation and maintenance costs (i.e. in accordance with the structure set forth in the Parity Master Resolution).

On January 29, 2024, Valley Water, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Section 53511, filed a complaint in the Superior Court of the State of California for the County of Santa Clara seeking judicial validation of the proposed issuance of revenue bonds under the District Act, as amended by AB 939, the voter-approved Proposition, the Parity Master Resolution and the indenture for such revenue bonds (e.g. the 2024C Bonds). On April 26, 2024, the court entered a default judgment (the "Validation Judgment") to the effect, among other things, that: (i) such revenue bonds issued under the District Act will be, upon their sale and delivery, legal, valid and binding obligations of Valley Water, duly and properly sold and delivered in accordance with the authorization under the voter-approved Proposition, the District Act, as amended by AB 939, and the Revenue Bond Law; and (ii) such revenue bonds issued under the District Act will be valid and binding obligations of Valley Water under the Constitution and laws of the State and in accordance with the voter-approved Proposition. The last day of the appeal period for the validation action was May 27, 2024. No timely appeal was filed with respect to the Validation Judgment. Such revenue bonds were initially issued on September 24, 2024 with a par amount of $45,155,000 (Water System Revenue Bonds, Series 2024C).

v. **Assessment Bonds**
Valley Water is authorized to issue assessment bonds upon majority (>50%) voter approval. Such bonds are typically repaid from assessments collected within an assessment district. Assessments are levies of charges on real property to pay for projects or services that specifically benefit that parcel of property.

vi. **Refunding Bonds**
Refunding outstanding bonds that will provide a net economic benefit to Valley Water is allowable within the federal tax law constraints.

vii. **Loans, Letters of Credit, Lines of Credit**
Valley Water may from time to time borrow through a loan with a commercial bank or state/federal agencies, Letter of Credit, Lines of Credit with a commercial bank, state revolving loan program or other governmental agency. Each loan will have a specific purpose. Voter approval is not required for obtaining a loan if such loan is structured as a COP, TRAN, or other forms and issued in conjunction with the PFFC. Furthermore, effective January 1, 2024, the District Act was amended, which among other amendments, authorizes Valley Water to directly issue short-term notes (the "Direct Issue Notes") with a maturity not in excess of five years, and subject to a limit as to the principal and interest thereon that is not in excess of 85 percent of the estimated amount of the revenues, charges, taxes, and assessments of or allocable to Valley Water that will

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be available in that fiscal year for payment of the Direct Issue Notes. Such Direct Issue Notes could include promissory notes supporting such loans.

2. Limitations of Debt Issuance

i. **Long Term Borrowing**
Long term borrowing may be used to finance the acquisition or improvement of land, facilities, or equipment for which it is appropriate to spread these costs over more than a one-year budget. Long term borrowing may also be used to fund capitalized interest, cost of issuance, required reserves, and any other financing related costs which may be legally capitalized. Long-term borrowing shall not be used to fund operating costs. The maximum maturity may not exceed 40 years.

ii. **Short Term Borrowing**
Short-term borrowing, such as TRANS (tax and revenue anticipation notes), commercial paper and lines of credit, will be considered as an interim source of funding to be utilized when appropriate. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing related costs. TRANS and Commercial Paper may be used to fund operating costs when issued and retired in the same fiscal year.

Effective January 1, 2024, the District Act was amended, which among other amendments, authorizes Valley Water to directly issue short-term notes (the "Direct Issue Notes") with a maturity not in excess of five years, and subject to a limit as to the principal and interest thereon that is not in excess of 85 percent of the estimated amount of the revenues, charges, taxes, and assessments of or allocable to Valley Water that will be available in that fiscal year for payment of the Direct Issue Notes.

B. Debt Issuance

1. Debt Capacity

Valley Water will keep outstanding debt within the practical limits of the Valley Water's debt rating, debt service coverage ratio constraints and any other applicable law.

Valley Water shall assess the impact of a new debt issuance on the long-term affordability of all outstanding and planned debt issuance. Such analysis recognizes that Valley Water has limited capacity for debt service in its budget, and that each newly issued financing will obligate Valley Water to a series of payments until the bonds are repaid.

Valley Water must not only evaluate Valley Water as a whole, but specifically analyze debt capacity in relationship to issuances in the Watershed Funds, Safe, Clean Water Fund, Water Utility Enterprise Division, and the General Fund. Each Fund has its own complexities, constraints, and regulations; therefore, they must be analyzed separately and then as a whole.

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3. *Intergenerational Concerns*

Valley Water will review the issuance considering utilizing Pay-As-You-Go financing vs. Long-Term debt and impact each financing method has on intergenerational benefits.

4. *Credit Quality*

Valley Water seeks to obtain and maintain the highest possible credit ratings for all categories of short and long-term debt. Except for certain instruments, Valley Water will not issue bonds or cause COPs to be executed and delivered that do not carry investment grade ratings (i.e., credit ratings below Baa3/BBB-/BBB- from Moody's Investors Service, S&P Global and Fitch Ratings, respectively). Certain instruments, such as state loans or private placements, may not be rated.

Traditionally, Valley Water has benefited from lower interest costs due to strong ratings and shall take any necessary steps to maintain favorable ratings.

Ratings may be obtained from Moody's, S&P, Fitch, or other nationally recognized rating agencies. Valley Water will always have at least one rating and when beneficial will request additional ratings for long term debt issuances that are publicly sold, whereas private placements may not require ratings.

5. *Structural Features*

i. **Debt Repayment**
Debt will be structured for a period consistent with a fair allocation of costs to current and future beneficiaries of financed capital projects. Valley Water shall structure its debt issues so that the repayment of the debt issue is consistent with the economic or useful life of the capital projects to be financed.

ii. **Fixed Rate Debt / Variable Rate Debt**
Valley Water may at its discretion issue fixed rate debt or variable rate debt based upon Valley Water needs and market conditions. Fixed rate debt means that the coupon of the bond until its maturity remains fixed or the same as when issued. Variable rate debt means that the coupon will fluctuate throughout the life of the debt instrument. The variable rate may be based upon several indexes and which index will be determined at the time of issuance.

iii. **Derivatives**
A derivative product is a financial instrument which "derives" its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate index. In certain circumstances these products can reduce borrowing costs, assist in managing interest rate risk, provide call flexibility, and smooth debt service expense. However, these products carry with them certain risks not faced in standard debt instruments. The Financial Services Division shall

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evaluate the use of derivative products on a case-by-case basis to determine whether the potential benefits are sufficient to offset any potential costs.

In 2023, Valley Water, the PFFC, and the United States Environmental Protection Agency (the "EPA") entered into three separate Water Infrastructure Finance Innovation Act (WIFIA) Master Agreements and three initial loans for the Anderson Dam, Pacheco Reservoir Expansion, and certain Safe Clean Water projects. Under each WIFIA Master Agreement, Valley Water has covenanted not to enter into any swap or hedging transactions that is speculative or creates extraordinary leverage or risk, without the prior written consent of the EPA.

Some common forms of derivatives may be used to reduce the cost of borrowing; synthetically convert fixed rate debt to variable rate debt; synthetically convert variable rate debt to fixed rate debt; and provide protection against interest rate fluctuations (see section **1.E. Master Swap Policy** below for more information).

iv. **Professional Assistance**

Valley Water shall utilize the services of independent municipal advisors when deemed appropriate by the CEO or their delegates. Valley Water shall utilize the services of bond counsel on all debt financings. The CEO or their delegates shall have the authority to periodically select service providers necessary to meet legal requirements and minimize Valley Water's debt cost. Such services, depending on the type of financing, may include municipal advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, printer, and special tax consulting. The goal in selecting service providers, whether through a competitive process or sole-source selection, is to achieve an appropriate balance between service and cost. Procurement for service providers shall follow Executive Limitations Policy EL-5 Procurement, as amended from time to time. Per EL-5 Procurement (Rev February 27, 2024) the CEO is authorized to execute contracts for consultant services up to $500,000; contracts exceeding this limit would require Board approval. The District Counsel has sole discretion in entering legal services contracts with no dollar limit.

v. **Method of Sale**

Except to the extent a competitive process is required by law, the CEO or their delegates shall be responsible for determining the appropriate way to offer any securities to investors. Valley Water has used both competitive bidding and negotiated sales to sell its bonds. Also, available to Valley Water is a private placement method. On a case-by-case basis the CEO or their delegates will decide as to the most effective method of sale.

For negotiated sale, any underwriters that are currently suspended by the California State Treasurer's Office from its negotiated underwriting pool may not participate in Valley Water's negotiated sale, pending Board approval.

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vi. **Maturity**
Valley Water shall issue debt with an average life less than or equal to the average life of the assets being financed. The final maturity of the debt should be no longer than 40 years. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates and the year-to-year differential in interest rates.

vii. **Maturity Structure**
Valley Water's long-term debt may include serial and term bonds. Serial bonds have various maturity dates scheduled at regular intervals until the entire issue is retired. Term bonds have a long-term maturity date and are outstanding until the debt is retired. Other maturity structures may also be considered which can be demonstrated to be consistent with the objectives of Valley Water's Debt Policy.

viii. **Credit Enhancement**
Valley Water shall procure credit enhancement for a sale of bonds if the Financial Services Division, in consultation with the Municipal Advisor and the Underwriters, determines that it is cost effective to do so. Credit enhancement consists primarily of insuring the bonds over the life of their term.

ix. **Parity/Subordinate/Super-subordinate Lien**
Valley Water may utilize a parity/subordinate/super-subordinate lien structure. The choice of lien will be determined based on such factors as overall cost of debt, impact on debt service, impact on water rates, marketing consideration and previous issuance bond documents. Parity debt has priority over subordinate debt which in turn has priority over super-subordinate debt. Subordinated or super-subordinate debt is repayable only after other debts with a higher claim have been satisfied (i.e., parity debt, subordinate debt).

x. **Redemption Features**
To preserve flexibility and refinancing opportunities, Valley Water debt will generally be issued with call provisions which enable Valley Water to retire the debt earlier or enable the refunding of the debt prior to maturity. Valley Water may consider calls that are shorter than traditionally offered in the market and/or non-call debt when warranted by market conditions and opportunities. For each transaction, Valley Water will evaluate the efficiency of call provisions alternatives. Valley Water's preference is to include a prepayment option in loans with commercial banks or state/federal agencies.

xi. **Coupon Structure**
Debt may include par, discount, premium and capital appreciation bonds. Discount, premium, and capital appreciation bonds must be demonstrated to be advantageous relative to par bond structures. Debt issued at par means it is sold at its face value. Debt issued at discount means that the selling price is less than face value, or at a discount. Debt issued at a premium means it is sold at an amount higher than the face value. Capital appreciation bonds increase in value over the life of the bond.

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C. Communication and Disclosure

1. Rating Agencies

Valley Water shall maintain its strong ratings through prudent fiscal management and consistent communications with the rating analysts. The Financial Services Division shall manage relationships with the rating analysts assigned to Valley Water's credit, using both informal and formal methods to disseminate information. Communication with the rating agencies shall include:

- Full disclosure, on an annual basis, of the financial condition of Valley Water;
- A formal presentation when requested by the rating agencies, covering economic, financial, operational and other issues that impact Valley Water's credit;
- Timely disclosure of major financial events that impact Valley Water's credit;
- Timely dissemination of the Comprehensive Annual Financial Report, following its acceptance by the Valley Water's Board of Directors;
- Full and timely distribution of any documents pertaining to the sale of bonds; and
- Periodic tours of the Water Utility Enterprise and Watershed operations as appropriate.

2. Bond Insurers

The Financial Services Division shall manage relationships with the analyst at the bond insurers assigned to the Valley Water's credit.

3. Disclosure Procedures

Valley Water shall comply with Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB") regulations on disclosure, including SEC Rule 15c2-12 (the "Rule"), which require municipal debt issuers to provide specified financial and operating information at the time of new bond issuance (Official Statement) and during the life of the bonds (Continuing Disclosure Annual Report)**. Refer to Attachment A-*Disclosure Procedures* for details.**

Effective February 27, 2019, District Counsel will provide written notice to debt management staff of receipt by Valley Water or the Financing Corporation of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a "Potentially Reportable Event") under any agreement or obligation to which Valley Water or the Financing Corporation is a party and which may be a "financial obligation" as discussed below. Such written notice should be provided by District Counsel to debt management staff as soon as District Counsel is placed on written notice by Valley Water staff, consultants, or external parties of such event or receives written notice of such event so that debt management staff can determine, with the assistance of bond counsel, whether notice of such Potentially Reportable Event is required to be filed on EMMA pursuant to the disclosure requirements of SEC Rule 15c2-12. If filing on EMMA

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is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the Continuing Disclosure Agreement for the various debt obligations of Valley Water; District Counsel or other senior staff (i.e. Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or other executive positions within Valley Water), as applicable, will report to debt management staff the execution by Valley Water or the Financing Corporation of any agreement or other obligation which might constitute a "financial obligation" for purposes of Rule 15c2-12 and which is entered into after February 27, 2019. Amendments to existing Valley Water or Financing Corporation agreements or obligations with "financial obligation" which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the debt management staff as well as soon as District Counsel or such other senior staff is placed on written notice by Valley Water staff, consultants, or external parties of such event or receives written ~~a~~ notice of such amendment requests. Notice to debt management staff is necessary so that debt management staff can determine, with the assistance of bond counsel, whether such agreement or other obligation constitutes a material "financial obligation" for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material "financial obligation" or a material amendment to a "financial obligation" described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute "financial obligations", and which could need to be reported on EMMA are discussed in the memorandum from bond counsel attached hereto in **Attachment A-*Disclosure Procedures* for details**.

4. *Secondary Market Disclosure*

On February 7, 2020, the SEC released a staff legal bulletin (the "Bulletin") concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities law to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including elected board members. Documents, reports and other written statements of Valley Water which contains current financial and operational conditions of Valley Water will be included in a section of Valley Water's website appropriately identified. Valley Water and its bond counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into this Policy as set forth in this section I.C4 and into disclosure training for staff and Board members. Valley Water and its bond counsel will be cognizant of the SEC staff reviews contained in the Bulletin as secondary market disclosures arise.

5. *Trustee*

The Financial Services Division shall procure the services of a Trustee for the creation and maintenance of Valley Water debt funds. Such accounts include, but are not limited to:

- Escrow;
- Rebate;
- Debt Service;
- Cost of Issuance; and
- Reserve.

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D. Debt Administration

1. Investment of Bond Proceeds

Investment of bond proceeds shall be consistent with federal tax requirements and with requirements contained in the governing bond documents. Additionally, they will be governed by policies and procedures specified in Valley Water's Investment Policy as approved by the Board of Directors.

2. Record Retention and Disbursement of Bond Proceeds

The IRS guideline for record retention is life of bonds plus 3 years. For refundings, the refunded bonds retention schedule is reset to match the refunding bonds retention schedule of life of refunding bonds plus 3 years. Valley Water's record retention policy is cancellation, redemption or maturity of the bonds plus 10 years (records series number RS-0538).

Frequency of Reimbursement/Claims preparation
The preparation of reimbursement claims must be coordinated with the Financial Planning unit to determine the allocation of taxable versus tax-exempt bond proceeds and the appropriate level of funding from bond proceeds versus Valley Water operating reserves. The review of reimbursement requirements may be performed on a quarterly basis to assess the appropriate amount and timing of reimbursement claims.

Reimbursement Period
In general, the allocation of tax-exempt bond proceeds to reimburse a capital expenditure paid prior to the issue date of the bonds (provided that the Board has adopted a Resolution of Intention to Issue Tax-Exempt Bonds prior to the issue date of the bonds) must be made **not later** than: (a) 18 months after the later of the date (i) the original expenditure is paid or (ii) the project is placed in service or abandoned; **and** (b) 3 years after the original expenditure is paid.

Special rule for long-term construction projects
For a construction project for which both the issuer and a licensed architect or engineer certify that at least 5 years is necessary to complete construction of the project, the maximum reimbursement period is changed from "3 years" to "5 years".

Special rule for preliminary expenditures
Preliminary expenditures (e.g., architectural costs, engineering costs, surveying costs, soil testing costs, costs of issuance and similar costs) not exceeding 20% of the issue price of the bonds issued to finance the project may be reimbursed without regard to the official intent requirement and the timing requirements. Preliminary expenditures do not include land acquisition, site preparation, and similar costs related to commencement of construction.

Refer to Attachment B– *Record Retention and Disbursement Guidelines* for details.

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3. Arbitrage Compliance

The Financial Service Division shall engage a qualified firm to perform Arbitrage Rebate Calculations ("Rebate Service Provider") for all tax-exemptValley Water bond issuances and prepare reports and filing documents as necessary. Ninety percent (90%) of the Cumulative Rebate Liability (reduced by any applicable computation date credits) is required to be rebated (paid) to the United States Internal Revenue Service (IRS) no later than 60 days after the end of each fifth Bond/COP Year. Additionally, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) required to be paid to the IRS within 60 days of the full defeasance or final maturity of the Bonds/COPs (i.e., in the event of a refunding or refinancing).

4. Debt Service

Valley Water shall fully budget all debt service obligations of Valley Water. Utilizing the services of the Trustee, Valley Water will make all debt service payments per the bond document schedule and shall not in any circumstance make the payment late. The interest and principal for commercial paper may be rolled into a new issue of commercial paper as part of the overall Valley Water financing plan. The commercial paper may also be budgeted to be fully paid off over a specified timeframe or it may be paid off with a bond issuance.

E. Master Swap Policy

Valley Water currently has no swap transactions outstanding and has not entered any swap transactions in the last ten fiscal years. Any future swap transaction would require Board approval by resolution and shall utilize the framework set forth in Attachment C – Swap Policy.

Valley Water shall not enter into any swap or hedging transaction that is speculative or creates extraordinary leverage or risk with respect to the SCW Program and the Water Utility Enterprise, without the prior written consent of the United States Environmental Agency/Water Infrastructure Finance and Innovation Act (WIFIA) Lender, so long as Valley Water and/or the PFFC have outstanding WIFIA loans.

III. PURPOSE

The purpose of this Debt Management Policy is to assist Valley Water in meeting the following objectives:

- Minimize debt service and issuance costs;
- Maintain access to cost-effective borrowing;
- Achieve the highest practical credit ratings;
- Make full and timely repayment of debt;
- Maintain full and complete financial disclosure and reporting;
- Comply with the District Act; and
- Ensure compliance with applicable State and Federal Laws.

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IV. SCOPE, ASSUMPTIONS & EXCEPTIONS

The Debt Management Policy governs debt issuance and administration activities of Valley Water as defined in this policy.

V. ROLES & RESPONSIBILITIES

The Financial Services Division shall be responsible for managing and coordinating all activities related to the issuance and administration of debt. The Financial Services Division will work in partnership with the Capital Services Division and Watershed and Water Utility Enterprise Divisions to facilitate debt issuance and the management of outstanding debt.

The Investment Advisory Committee (consisting of Chief Operating Officer - Administration, Chief Financial Officer, Treasury and Debt Officer, District Counsel and Accounting Unit Manager) will meet quarterly or as needed to review and approve all staff policy guidelines.

The Board of Directors shall approve and authorize the issuance of debt, including refunding debt.

VI. DEFINITIONS

Refer to specific debt issuance documents for defined terms.

VII. CHANGE HISTORY

DATE	REVISION	COMMENTS
3/29/2012	A	Superseded 2008-03 with minor editorial corrections and includes the Addendum to Valley Water Debt Policy for the Master Swap Policy.
9/13/2012	B	Updated linkage to Board Governance
03/01/2016	C	Updated the Debt Policy and added additional information in Attachments A and B
01/01/2017	D	Updated the Debt Policy and added reference to California Government Code 8855 (i) and other modifications
03/24/2017	E	Updated the Debt Policy with additional Post Issuance Tax Compliance requirements
01/22/2019	F	Updated the Debt Policy to comply with additional disclosure requirements pursuant to SEC Rule 15c2-12 effective February 27, 2019.
07/01/2020	G	Updated the Debt Policy to include secondary market disclosure requirements.

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DATE	REVISION	COMMENTS
07/01/2022	H	(1) Remove from Administrative Policy System pursuant to Board Resolution 17-11 (see Attachment D) that delegated the authority to approve any amendments to the Chief Operating Officer – Administration, Chief Financial Officer and Treasury and Debt Officer. (2) Updated Section I - Legal Requirements section
10/1/2024	I	Updated the Debt Policy to reflect Assembly Bill 939 debt financing changes to the District Act and other administrative clarifications/modifications.

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Attachment A – Disclosure Procedures

PURPOSE

The purpose of these Disclosure Procedures (the "Procedures") is to memorialize and communicate procedures in connection with obligations, including notes, bonds, and certificates of participation, issued by or on behalf of the Santa Clara Valley Water District ("Valley Water") so as to ensure that Valley Water continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

Valley Water from time-to-time issues certificates of participation, revenue bonds, notes or other obligations (collectively, "Obligations") to fund or refund capital investments, other long-term programs and working capital needs. These Obligations may be issued directly by Valley Water, on behalf of Valley Water by the Santa Clara Valley Water District Public Facilities Financing Corporation or through joint powers agencies (collectively, the "Issuer"). In offering Obligations to the public, and at other times when making certain reports, Valley Water and/or the Issuer (if other than Valley Water) must comply with the "anti-fraud rules" of federal securities laws. ("Anti-fraud rules" refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly "Rule 10b-5" under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all "material" information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and Valley Water and/or the Issuer (if other than Valley Water) must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Valley Water's financial condition. In the context of the sale of securities, a fact is considered to be "material" if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued, the two central disclosure documents which are prepared are typically a preliminary official statement ("POS") and a final official statement ("OS", and collectively with the POS, "Official Statement"). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on Valley Water, including its financial condition as well as certain operating information of the water division, the watershed division or information with respect to other sources of security as applicable ("Valley Water Section"), and (iii) various other appendices, including Valley Water's audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

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DISCLOSURE PROCESS

When Valley Water determines to issue Obligations, Valley Water's Treasury and Debt Officer will coordinate a Disclosure training and request the involved departments to commence preparation of the portions of the Official Statement (including particularly the Valley Water Section) for which they are responsible. While the general format and content of the Valley Water Section does not normally change substantially from offering to offering, except as necessary to reflect major events, Valley Water's Treasury and Debt Officer is responsible for reviewing and preparing or updating certain portions of the Valley Water Section which are within their particular area of knowledge. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the Chief Executive Officer (CEO), Assistant CEO, Chief Financial Officer, Chief Operations Officer (Water Utility or Watershed, depending on the Obligation), and District Counsel for review and input. The officers of Valley Water are requested to inform the financing team of any and all material changes that takes place up to and including the closing date of the transaction. for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Members of the financing team, including the Bond Counsel and Valley Water's Municipal Advisor with respect to the Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the Valley Water Section. Members of the financing team also assist Valley Water in the development of a "big picture" overview of Valley Water's financial condition, included in the Valley Water section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of Valley Water.

Valley Water's Treasury and Debt Officer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Valley Water officials, Bond Counsel, Valley Water's Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel), and new drafts of the forepart of the Official Statement and the Valley Water Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Valley Water staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

For negotiated sales, prior to distributing a POS to potential investors, there is typically a formal conference call which includes senior Valley Water staff involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the Official Statement is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of Valley Water's senior officials. This is referred to as a "due diligence" meeting.

A substantially final form of the POS is provided to Valley Water Board of Directors in advance of approval to afford the Board of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Board(s) of Directors which generally authorizes certain senior staff to make additional corrections, changes, and updates to the POS in consultation with District Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior Valley Water officials (and under certain circumstances the Issuer) execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

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Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Valley Water Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Valley Water officials (and under certain circumstances the Issuer) execute certificates stating that certain portions of the Official Statement, as of the date of each OS and as of the date of closing, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. District Counsel also provides an opinion letter (generally addressed to the underwriters) advising that information contained in the section of the Official Statement relating to Valley Water and its operations (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. District Counsel does not opine to the underwriters to other third parties as to any financial, statistical, economic, or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

Valley Water SECTION

The information contained in the Valley Water Section is developed by personnel under the direction of the Treasury and Debt Officer. The Treasury and Debt Officer co-ordinates with Water Utility staff in the case of a water system financing or with Watershed staff in the case of a watershed system or Clean, Safe Water financing. The finance team assists as well in certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the Valley Water Section:

- Valley Water staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.

- Valley Water staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult District Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.

- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, Valley Water should consider revisions to the Procedures.

- The process of updating the Valley Water Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Valley Water Section at the time of each update,

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everyone involved in the process should consider the need for revisions in the form, content, and tone of the sections for which they are responsible at the time of each update.

- Valley Water must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to Valley Water, its operations and its finances.

TRAINING

Periodic training for the staff involved in the preparation of the Official Statement (including the Valley Water Section) is coordinated by the finance team and the Treasury and Debt Officer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Valley Water Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Valley Water Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance of Obligations, Valley Water has entered into several contractual undertakings ("Continuing Disclosure Undertakings") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. Valley Water must comply with the specific requirements of each Continuing Disclosure Undertaking. Valley Water's Continuing Disclosure Undertakings generally require that the annual reports be filed by April 1 following the end of Valley Water's fiscal year, and event notices are required to be filed within 10 business days of their occurrence. Filing is centralized on the MSRB's Electronic Municipal Market Access ("EMMA") web site and portal.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Undertaking.

The Treasury and Debt Officer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Undertakings. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

Memorandum from Stradling Yocca Carlson & Rauth on Financial Obligations (dated 1/18/19)

An amendment to Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule") becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the "Effective Date"). As a result, we would expect that with respect to any debt offered publicly by Valley Water or the Financing Corporation after the Effective Date to which the Rule applies Valley Water will be required to enter into a continuing disclosure undertaking pursuant to which it will agree to

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provide notice on the EMMA electronic reporting system ("EMMA") of the incurrence of any "financial obligation" if material and will be obligated to disclose default on and certain other information with respect to any "financial obligation" regardless of when the financial obligation was incurred.

The Rule provides a general definition of a "financial obligation." While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines "financial obligation" more broadly to include "a debt obligation, derivative instrument … or a guarantee of either a debt obligation or a derivative instrument."

To date the SEC has provided limited guidance on the specific application of the definition of "financial obligation". The SEC release accompanying the final amendment does suggest a key concept is that a "financial obligation" involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a "guarantee" but did indicate that the SEC will not look to state law definitions of a "guarantee" or "debt".

Valley Water will need to monitor agreements or other obligations entered into by Valley Water or the Financing Corporation after the Effective Date, and any modifications to such agreements or other obligations, carefully to determine whether they constitute "financial obligations" under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if Valley Water or the Financing Corporation receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, Valley Water strict will need to determine whether such obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (i.e., reduction in overall liquidity, creditworthiness or debt owner's rights).

Types of agreement or other obligations which are likely to be "financial obligations" under the Rule include:

1 Bank loans or other obligations which are privately placed;
2 State or federal loans
3 Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA.
4 Letters of credit, surety policies or other credit enhancement with respect to Valley Water's publicly offered debt;
5 Letters of credit, including letters of credit which are provided to third parties to secure Valley Water or Financing Corporation's obligation to pay or perform (an example of this is a standby letter of credit delivered to secure Valley Water's obligations for performance under a mitigation agreement);
6 Capital leases for property, facilities, fleet or equipment; and
7 Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

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Types of agreements which could be a "financial obligation" under the Rule include:

1 Payment agreements which obligate Valley Water or the Financing Corporation to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby Valley Water or the Financing Corporation agrees to pay a share of the joint powers agency's bonds, notes or other obligations);
2 Service contracts with a public agency or a private party pursuant to which Valley Water or Financing Corporation is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of P3 arrangements);
3 Water purchase, water banking or other similar agreements pursuant to which Valley Water or the Financing Corporation is obligated to pay amounts expressly tied to the other party's debt service obligations, regardless of whether service is provided or not (for example, Valley Water's SWP contract); and
4 Water purchase, water banking or similar agreements which include a rate component that expressly passes through debt service or capital obligation of the other party (for example, Valley Water CVP water service contact).

Types of agreements which may be a "financial obligation" subject to the Rule include:

1 Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

The above list is based on bond counsel advice as of January 18, 2019. Debt management staff will continue to work with District Counsel and bond counsel to refine the definition of financial obligation going forward based on future SEC guidance, if any.

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Attachment B – Post-Issuance Tax Compliance, Record Retention and Disbursement Guidelines

I. General

Valley Water's Treasury and Debt Officer (the "Tax Compliance Officer") shall be responsible for overseeing compliance with the provisions of this Policy.

External Advisors / Documentation

Valley Water shall consult with bond counsel and/or other legal counsel and advisors, as needed, following issuance of bonds or other tax-exempt obligations to ensure that all applicable post-issuance requirements generally set forth in the Tax Certificate for the bonds (the "Tax Certificate") are met. This shall include, without limitation, consultation in connection with any potential changes in the use of Bond-financed or refinanced Projects (as defined herein).

Unless otherwise provided by the indenture (or similar document) relating to the bonds, unexpended bond proceeds shall be held by a trustee or other financial institution, and the investment of bond proceeds shall be managed by Valley Water. Valley Water shall prepare (or cause the trustee or other financial institution to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield Restrictions

The Tax Compliance Officer shall be responsible for overseeing compliance with arbitrage rebate and yield restriction requirements under federal tax law. Unless otherwise indicated, in writing, in the Tax Certificate or other similar documents that are prepared in connection with the issuance of the Bonds, Valley Water shall:

- Engage the services of a Rebate Service Provider and, prior to each rebate calculation date, cause the trustee or other financial institution investing Bond proceeds to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider;
- Provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- Monitor the efforts of the Rebate Service Provider;
- Assure the payment of required arbitrage rebate amounts, if any, no later than the applicable deadline under federal tax law;
- Retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements;" and
- Establish procedures to ensure that investments that are acquired with Bond proceeds are so acquired at their fair market value pursuant to federal tax law.

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Use of Bond Proceeds and Bond-Financed or Refinanced Projects

The Tax Compliance Officer shall be responsible for:

- communicating to appropriate Valley Water staff with respect to the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before Bond issuance) and the use of Bond-financed or refinanced projects, such as facilities, furnishings or equipment (each a "Project" and collectively, "Projects") throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
- consulting with bond counsel and other legal counsel and advisers in the review of any change in use, or potential change in use, of Bond-financed or refinanced Projects communicated to the Tax Compliance Officer by appropriate Valley Water staff to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds; and
- to the extent that Valley Water discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced Projects will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified Bonds or take other remedial action, if such counsel advises that a remedial action is necessary.

Education and Training

The Tax Compliance Officer and appropriate staff of Valley Water shall periodically and as necessary obtain education and training on federal tax requirements for post-issuance compliance applicable to the Bonds. Valley Water will enable and encourage relevant personnel to attend and participate in educational and training programs offered by professional organizations and other entities with regard to monitoring compliance with federal tax requirements for the Bonds.

Correcting Non-Compliance

If any non-compliance of applicable federal tax requirements is identified or otherwise brought to Valley Water's attention, the Tax Compliance Officer shall, in consultation with legal counsel and the appropriate tax compliance personnel of the Valley Water, cause the Valley Water and any other parties involved with the issuance of the Bonds or the use of the proceeds of the Bonds, as required, to take all steps necessary or advisable in order to timely correct or remediate such non-compliance. The Tax Compliance Officer will conduct periodic reviews of compliance with these procedures to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treas. Reg. Section 1.141-12) or the Treasury's Tax-Exempt Bonds Voluntary Closing Agreement Program ("TEB VCAP") described in IRS Notice 2008-31 (or successor guidance). If any changes to the terms or provisions of a bond issue are contemplated, the Tax Compliance Officer will consult bond counsel. Valley Water recognizes and acknowledges that such modifications could result in a "reissuance" for federal tax purposes (i.e., a deemed refunding) of the bonds and thereby jeopardize the tax-exempt status of interest on the Bonds after the modifications.

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II. Record Retention*

1. Record retention schedule: The IRS guideline is life of bonds plus 3 years. For refundings, the refunded bonds retention schedule is reset to match the refunding bonds retention schedule of life of refunding bonds plus 3 years.† Per records series RS-0538 on the records retention schedules adopted by the Valley Water Board of Directors, Valley Water's record retention policy is cancellation, redemption or maturity of the bonds plus 10 years (records series number RS-0538).

2. Valley Water **Treasury and Debt Officer** shall be responsible for retaining all documentation relating to the issuance and administration of bonds. Such records shall include, but not limited to the following:

    a. Federal tax or information returns (e.g. Form 8038 series returns)
    b. Annual Continuing Disclosure and Compliance Filings per the bond covenants which may contain Audited Financial Statements and other documents as specified
    c. Bond transcripts, official statements and other offering documents
    d. Trustee statements for your bond financings
    e. Correspondence (letters, e-mails, faxes, etc.) for your bond financings
    f. Reports of any prior IRS examinations of your entity or bond financings
    g. Maintain records documenting the allocation of bond-financing proceeds to expenditures (e.g., allocation of bond proceeds to expenditures for the construction, renovation, or purchase of facilities you own and use in the performance of your public purpose)
    h. Records documenting the allocations of bond-financing proceeds to bond issuance costs
    i. Asset list or schedule of all bond-financed facilities or equipment
    j. Depreciation schedules for bond-financed depreciable property
    k. Records that track your purchases and sales of bond-financed assets
    l. Records of trade or business activities by or with non-governmental entities or persons with respect to your bond-financed facilities
    m. Copies of the following agreements when entered into with respect to your bond-financed property:
        i. Management and other service agreements
        ii. Research contracts
        iii. Naming rights contracts
        iv. Ownership documentation (e.g., deeds, mortgages)
        v. Leases
        vi. Subleases
        vii. Leasehold improvement contracts
        viii. Joint venture arrangements
        ix. Limited liability corporation arrangements

* Source: IRS Form 14002 Governmental Bond Financings Compliance Check Questionnaire. http://www.irs.gov/pub/irs-tege/f14002.pdf

† Tax Exempt Bond FAQs regarding Record Retention Requirements

https://www.irs.gov/tax-exempt-bonds/tax-exempt-bond-faqs-regarding-record-retention-requirements

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x. Partnership arrangements

n. The allocations and earnings and investments related to bond financings

o. Records for investments of bond financing proceeds related to:
   i. Investment contracts (e.g., guaranteed investment contracts)
   ii. Credit enhancement transactions (e.g., bond insurance contracts)
   iii. Financial derivatives (swaps, caps, etc.)
   iv. Bidding of financial products

p. Records of the following arbitrage documents related to bond financings:
   i. Computations of bond yield
   ii. Computation of rebate and yield reduction payments
   iii. Form 8038-T, *Arbitrage Rebate*, *Yield Reduction and Penalty in Lieu of Arbitrage Rebate*
   iv. Form 8038-R, *Request for Recovery of Overpayments Under Arbitrage Rebate Provisions*
   v. Draw down schedules and expenditure requirements detailed in applicable tax certificates and schedules regarding yield restriction if applicable

3. The **Grants Administrator** shall be responsible retaining all documentation relating to the disbursement of bond proceeds. Such records shall include, but not limited to the following:
   a. Maintain copies of requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks related to bond proceeds spent during the construction period
   b. Maintain copies of all contracts entered into for the construction, renovation, or purchase of bond-financed facilities
   c. Maintain records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with bond proceeds

III. Bond Reimbursement

1. General Rule for Reimbursement. Tax-exempt bond proceeds may be allocated to reimburse prior expenditures so long as those expenditures were the subject of an appropriate "declaration of official intent" (e.g., a reimbursement resolution), the expenditures were paid no more than 60 days prior to the date of adoption such declaration of official intent, the bond-financed project was placed in service within 18 months of the date of reimbursement allocation, the expenditures constitute capital expenditures, and none of the expenditures were paid more than three years prior to the reimbursement allocation (except preliminary expenditures).

2. Frequency of Reimbursement/Claims preparation. The preparation of reimbursement claims must be coordinated with the Financial Planning unit to determine the allocation of taxable versus tax-exempt bond proceeds and the appropriate level of funding from bond proceeds versus Valley Water operating reserves. The review of reimbursement requirements should be performed on a quarterly basis to assess the appropriate amount and timing of reimbursement claims.

3. Reimbursement period. In general, the allocation of tax-exempt bond proceeds to reimburse a capital expenditure paid prior to the issue date of the bonds must be made not later than: (a) 18 months after the later of the date (i) the original expenditure is paid or (ii) the project is placed in service or abandoned, and (b) 3 years after the original expenditure is paid.

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4. Special rule for long-term construction projects. For a construction project for which both the issuer and a licensed architect or engineer certify that at least 5 years is necessary to complete construction of the project, the maximum reimbursement period is changed from "3 years" to "5 years".

5. Special rule for preliminary expenditures. Preliminary expenditures (e.g., architectural costs, engineering costs, surveying costs, soil testing costs, costs of issuance and similar costs) not exceeding 20% of the issue price of the bonds may be reimbursed without regard to the official intent requirement and the timing requirements. Preliminary expenditures do not include land acquisition, site preparation, and similar costs related to commencement of construction.

6. Eligible project costs – In general, under the Internal Revenue Service's regulations, only "capitalizable" expenditures are eligible for reimbursement from the proceeds of tax-exempt bonds.

Table 1 below illustrates some general categorizations of eligible versus ineligible project costs.

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TABLE 1 **General Guidelines for Eligible and Non-Eligible Expenditures of Tax-Exempt Bonds**		
Type of Expense	**General Guideline**	**Tax-Exempt Bonds Eligible?**
Construction and Design Costs - General	The cost of constructing property must be capitalized. This includes certain ancillary costs which are directly related to the construction of the property, such as: amounts expended for architectural services, design costs, accounting fees related to the construction, direct and indirect compensation costs of employees whose services are used in the construction, construction supervision fees, and overhead directly attributable to the construction.	**Yes**
Compensation - General	As a general rule, compensation to employees (including fringe benefits) is an **operating expense** rather than a capital cost. Unless the employee's duties are clearly associated with a capital project, compensation may **not be capitalized**.	**No**
Compensation to outside contractors, architects, engineers, etc.	Such costs paid to third parties are treated as a cost of the capital asset and are capitalized.	**Yes**
Compensation to Employees exclusively involved with capital projects	Compensation (including the cost of fringe benefits) paid to employees (e.g., engineers, architects, project managers, etc.) who are directly involved in the construction and design of the project are treated as a cost of the capital asset and are capitalized.	**Yes**

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TABLE 1 **General Guidelines for Eligible and Non-Eligible Expenditures of Tax-Exempt Bonds**		
Type of Expense	**General Guideline**	**Tax-Exempt Bonds Eligible?**
Compensation of management employees who spend a portion of their time providing support services for capital projects	Certain employees (administrative staff, supervisors, attorneys, accountants, finance specialists, etc.) spend time on multiple assignments, including capital projects. Such employees are generally required to keep track of the time spent with respect to each assignment regardless of whether the project is financed by bonds or other funding sources. To the extent that such employees have clear documentation of the time spent on each assignment, compensation (including the cost of fringe benefits) paid to such employees which is attributable to work performed with respect to capital projects may be capitalized.	**Yes**
Indirect Overhead and Benefits (OMB A-87)	Indirect costs that are allocated as overhead (including cost of fringe benefits) is **not eligible**.	**No**
Rent - General	As a general rule, rent for office space is an operating expense rather than a capital cost. Unless the office space is specifically obtained to house only employees whose duties are clearly associated with a specific capital project, **rent should not be capitalized.** Any allocation of office space rent to capital costs and operating costs would, especially if such allocation has never been required for other business purposes, also be risky. Even if the space is specifically and exclusively associated with a capital project, if the rental is for a very short period of time, (e.g., the rental of a room for a single meeting), such rent should not be capitalized.	**No**
Longer-term Rent – space leased for a specific capital project	The rental cost of office space leased specifically for a particular capital project, and which will be rented for a substantial period of time (e.g., for the duration of the construction of the project) may be capitalized.	**Yes**

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TABLE 1 **General Guidelines for Eligible and Non-Eligible Expenditures of Tax-Exempt Bonds**		
Type of Expense	**General Guideline**	**Tax-Exempt Bonds Eligible?**
Purchased Office Equipment	The cost of office equipment with a **useful life of more than one year** (e.g., computers, copiers, etc.) is capitalizable from a federal tax perspective. **To the extent such equipment is related to a specific tax-exempt eligible capital project**, these costs may be eligible for reimbursement from tax-exempt proceeds.	**Yes**
Office Supplies	The cost of office supplies (e.g., stationery, paper, pens and pencils, staples, etc.) is **not capitalizable**.	**No**
Training, Professional Development, Licensing	Such costs are **not capitalizable** even though they may have some future benefit. These costs must be capitalized only in the unusual circumstance where the training is intended primarily to obtain future benefits significantly beyond those traditionally associated with training provided in the ordinary course of the employer's trade or business (e.g., the costs of training employees to operate a new facility are akin to start-up costs of a new business).	**No**
Automobiles	The cost of an automobile with a useful life of more than one year is capitalizable from a federal tax perspective. To the extent such equipment is related to a specific tax—exempt eligible capital project, these costs may be eligible for reimbursement from tax-exempt proceeds.	**Yes**
Meals and Refreshments	Such costs are **not capitalizable**, even if they are associated directly with a meeting relating to a capital asset.	**No**

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TABLE 1 **General Guidelines for Eligible and Non-Eligible Expenditures of Tax-Exempt Bonds**		
Type of Expense	**General Guideline**	**Tax-Exempt Bonds Eligible?**
Travel Costs	Travel costs (fuel, mileage, meals, lodging…etc.) are eligible only for travel **directly** related to a specific tax-exempt eligible capital project.	**Yes**
Repair and Maintenance	As a general rule, repair and maintenance for buildings, equipment and parts replacement is an operating expense and is **not eligible** for reimbursement from tax-exempt bond proceeds.	**No**

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Attachment C – Master Swap Policy

The Board may approve a Master Swap Resolution to authorize Valley Water to enter into swap transactions from time to time to better manage assets and liabilities and take advantage of market conditions to lower overall costs and reduce interest rate risk.

The Master Resolution would authorize the execution of swaps related agreements, provides for security and payment provisions, and sets forth certain other provisions related to swap agreements between Valley Water and qualified swap-counterparties. In the event of a conflict between the terms of the Master Resolution and the terms of the Master Swap Policy, the terms and conditions of the Master Resolution shall control.

1. Purpose

The incurring or carrying of obligations and management of investments Valley Water involves a variety of interest rate payments and other risks that a variety of financial instruments are available to offset, hedge, or reduce. It is the policy of Valley Water to utilize such financial instruments to better manage its assets and liabilities. Valley Water may execute interest rate swaps if the transaction can be expected to result in the following:

- Reduce exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from Valley Water's overall asset / liability balance.
- Result in a lower net cost of borrowing with respect to Valley Water's debt or achieve a higher net rate of return on investments made in connection with, or incidental to the issuance, incurring, or carrying of Valley Water's obligations or other Valley Water investments.
- Manage variable interest rate exposure consistent with prudent debt practices and guidelines approved by the Board.

Valley Water shall not enter into interest rate swaps for speculative purposes.

Valley Water shall not enter into any swap or hedging transaction that is speculative or creates extraordinary leverage or risk with respect to the SCW Program and the Water Utility Enterprise, without the prior written consent of the United States Environmental Agency/Water Infrastructure Finance and Innovation Act (WIFIA) Lender, so long as Valley Water and/or the PFFC have outstanding WIFIA loans.

2. Form of Swap Agreements

Each interest rate swap executed by Valley Water shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including any schedules and confirmations that will be included in Valley Water Resolution for the swap. The swap agreements between Valley Water and each qualified swap

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counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions, and provisions as the Treasury and Debt Officer, in consultation with the District Counsel, deems necessary or desirable.

3. Transaction Approval

The approval guidelines for each authorized swap transaction shall be as set forth in the Master Resolution and in this Section 4. Valley Water Board must approve any swap transaction.

4. Qualified Swap Counterparties

Valley Water may enter into interest rate swap transactions only with qualified swap counterparties. Qualified swap counterparties are identified in Valley Water's Board approved investment banking team. The composition of the approved swap counterparties will change from time to time as changes are made to Valley Water's investment banking team. Qualified swap counterparties must be rated at least "A1" or "A+". In addition, the counterparty must have a demonstrated record of successfully executing swap transactions as well as creating and implementing innovative ideas in the swap market. Each counterparty shall have minimum capitalization of at least $150 million.

Valley Water may negotiate or competitively bid an interest rate swap transaction based on a review of the market impact to Valley Water of such competitive bid.

5. Termination Provisions

All swap transactions shall contain provisions granting Valley Water the right to optionally terminate a swap agreement at any time over the term of the agreement. In general, exercising the right to optionally terminate an agreement produces a benefit to Valley Water, either through receipt of a payment from a termination, or if a termination payment is made by Valley Water, in conjunction with a conversion to a more beneficial (desirable) debt obligation of Valley Water as determined by Valley Water. The Treasury and Debt Officer or the Ad Hoc Committee (comprised of: Chief Operating Officer-Administration, Chief Financial Officer, Treasury and Debt Officer, Accounting Unit Manager, and District Counsel's Office) as appropriate, in consultation with the Bond Counsel, shall determine if it is financially advantageous for Valley Water to terminate a swap agreement.

Mandatory Termination: A termination payment to or from Valley Water may be required in the event of termination of a swap agreement due to a default or a decrease in credit rating of either Valley Water or the counterparty. *It is the intent* of Valley Water *not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Treasury and Debt Officer shall evaluate whether it is financially advantageous for Valley Water to obtain a replacement counterparty to avoid making such termination payment.*

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In the event of default by a counterparty whereby Valley Water would be required to make a termination payment, Valley Water will proceed as follows:

- In order to mitigate the financial impact of making such payment at the time such payment is due; Valley Water will seek to replace the terms of the terminated transaction with a replacement counterparty. The new or replacement counterparty will make an upfront payment to Valley Water in an amount that would offset the payment obligation of Valley Water to the original counterparty.

- If a satisfactory agreement with a replacement counterparty is not reached, Valley Water will be required to make a swap termination payment to the original defaulting counterparty. Funds for such payment shall be made from available monies. The Debt/Treasury Officer shall report any such termination payments to the Board at the next Board meeting.

6. *Term and Notional Amount of Swap Agreement*

Valley Water shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. The slope of the swap curve, the marginal change in swap rates from year to year along the swap curve, and the impact that the term of the swap has on the overall exposure of Valley Water shall be considered in determining the appropriate term of any swap agreement. In connection with the issuance or carrying of bonds, the term of a swap agreement between Valley Water and a qualified swap counterparty shall not extend beyond the final maturity date of existing debt of Valley Water, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds. At no time shall the total notional amount of all swaps exceed the total amount of outstanding water revenue bonds.

7. Swap Counterparty Exposure Limits

In order to diversify Valley Water's counterparty risk, and to limit Valley Water's credit exposure to any one counterparty, limits will be established for each counterparty based upon both the credit rating of the counterparty as well as the relative level of risk associated with each existing swap transaction. The risk measure will be calculated based upon the mark-to-market sensitivity of each transaction to an assumed shift in interest rates. Assuming a 25-basis point movement in the swap rate, the maximum net exposure (termination payment) per counterparty shall not exceed $5 million.

The maximum net exposure limitations establish guidelines with respect to whether Valley Water should enter into an additional swap agreement with an existing counterparty. For example, assume Valley Water executed a 30-year $100 million notional amount swap. If the yield curve moved 25 basis points, Valley Water would likely have market exposure to that swap counterparty (i.e., in order to terminate the swap Valley Water would have to make a payment of possibly $3.0 million). If such event occurred, the Treasury and Debt Officer would evaluate whether it is prudent and advisable to enter into additional swap transactions with such counterparties in order to mitigate the exposure to such counterparty.

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The calculation of net interest rate sensitivity per counterparty will take into consideration multiple transactions, some of which may offset market interest rate risk thereby reducing overall exposure to Valley Water. In addition, additional exposure provisions are as follows:

- The sum total notional amount per swap counterparty may not exceed 25 percent of Valley Water's total revenue bond indebtedness.

- The appropriate collateral amount will be determined on a case by case basis and approved by the Treasury and Debt Officer in consultation with the District Counsel.

If the sensitivity limit is exceeded by a counterparty, Valley Water shall conduct a review of the exposure sensitivity limit calculation of the counterparty. The Treasury and Debt Officer shall evaluate appropriate strategies in consultation with the Office of the District Counsel to mitigate this exposure.

8. Collateral Requirements

As part of any swap agreement, Valley Water shall require collateralization or other credit enhancement to secure any or all swap payment obligations. As appropriate, the Treasury and Debt Officer, in consultation with the District Counsel may require collateral or other credit enhancement to be posted by each swap counterparty under the following circumstances:

- Each counterparty to Valley Water may be required to post collateral if the credit rating of the counterparty or parent falls below the "A1" or "A+" minimum rating. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the collateral support agreement to each swap agreement with Valley Water.

- Collateral shall consist of cash, U.S. Treasury securities and U.S. Agency securities.

- Collateral shall be deposited with a third-party trustee, or as mutually agreed upon between Valley Water and each counterparty.

- A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap counterparty.

- The market value of the collateral shall be determined on at least a monthly basis.

- Valley Water will determine reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.

- The Treasury and Debt Officer shall determine on a case-by-case basis whether other forms of credit enhancement are more beneficial to Valley Water.

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9. Reporting Requirements

A written report providing the status of all interest rate swap agreements will be provided to the Board of Directors at least on a quarterly basis and shall include the following information:

- Highlights of all material changes to swap agreements or new swap agreements entered into by Valley Water since the last report.
- Market value of each of Valley Water's interest rate swap agreements.
- The net impact to Valley Water of a 25-basis point movement (up or down) with the appropriate swap index or curve.
- For each counterparty, Valley Water shall provide the total notional amount position, the average life of each swap agreement, the available capacity to enter into a swap transaction, and the remaining term of each swap agreement.
- The credit rating of each swap counterparty and credit enhancer insuring swap payments, if any.
- Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.
- A summary of each swap agreement, including but not limited to the type of swap, the rates paid by Valley Water and received by Valley Water, and other terms.
- Information concerning any default by a swap counterparty to Valley Water, and the results of the default, including but not limited to the financial impact to Valley Water, if any.
- A summary of any planned swap transactions and the impact of such swap transactions on Valley Water.
- A summary of any swap agreements that were terminated.

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Attachment D – Resolution 17-11 Authorizing Debt Management Policy

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 17-11

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

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

WHEREAS, the District has previously financed the acquisition of certain capital improvements to the water utility system equipment and facilities of the District by causing the execution and delivery of the Revenue Certificates of Participation (Water Utility System Improvement Projects) Series 2007A (the "2007A Certificates");

WHEREAS, the District has determined that it would be in the best interests of the District and citizens of the community to authorize refunding bonds in one or more series (the "Refunding Bonds") to refund all or a portion of the 2007A Certificates;

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

Section 1. **Authorization of Refunding Bonds**. This Board hereby authorizes the issuance, sale and delivery of one or more series of Refunding Bonds in an aggregate principal amount not to exceed $65,000,000 in accordance with the terms and provisions of the Indenture of Trust referred to in Section 2 below; provided however that in no event shall the true interest cost of the Refunding Bonds exceed 5.00% per annum. The purposes for which the proceeds of the sale of the Refunding Bonds shall be expended are to refund all or a portion of the 2007A Certificates, and to pay the costs of the sale and delivery of the Refunding Bonds.

The Chief Operating Officer – Administration, the Chief Financial Officer and the Treasury/Debt Officer are hereby authorized and directed to award the sale of the Refunding Bonds to the bidder with the lowest true interest cost. The Chief Operating Officer – Administration, the Chief Financial Officer and the Treasury/Debt Officer may accept or reject all or any portion of bids received on the Refunding Bonds in order to accomplish the goals of the District as set forth herein.

Section 2. **Indenture**. The Indenture of Trust with respect to the Refunding Bonds, in substantially the form on file with the District, and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The Chief Executive Officer, the Chief Operating Officer – Administration, the Chief Financial Officer

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

Resolution No. 17-11

(or any acting or interim of such positions) and the Clerk of the Board or the designee thereof (each an "Authorized Officer" and together the "Authorized Officers"), are hereby each individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 3. Notice of Intention to Sell Securities. The Authorized Officers, in cooperation with Bond Counsel and Public Resources Advisory Group, the District's Municipal Advisor, are each hereby authorized and directed, pursuant to Section 53692 of the California Government Code, to cause to be published the Notice of Intention to Sell Securities once at least five (5) days prior to the date set for receipt of bids on the Refunding Bonds, in a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the securities. The Authorized Officers, in cooperation with the District's Municipal Advisor, shall cause the Official Notice of Sale (the "Notice of Sale"), in substantially the form on file with the District, which form is hereby approved, to be circulated among prospective bidders.

Section 4. Preliminary Official Statement and Official Statement. The preparation and distribution of the Preliminary Official Statement relating to the Refunding Bonds in substantially the form on file with the District, is hereby approved. Each Authorized Officer is individually authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and each Authorized Officer is individually authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement which, upon execution as authorized below, are made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval. The underwriter for the Refunding Bonds is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Refunding Bonds and are directed to deliver copies of any final Official Statement to all actual initial purchasers of the Refunding Bonds.

Section 5. Continuing Disclosure Agreement. The Continuing Disclosure Agreement relating to the Refunding Bonds in substantially the form on file with the District and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

Resolution No. 17-11

Section 6. **Escrow Agreement**. The Escrow Agreement (2007A Certificates) relating to the refunded 2007A Certificates (the "Escrow Agreement"), in substantially the form on file with the District and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 7. **Trustee**. U.S. Bank National Association, San Francisco, California is hereby appointed to act as trustee under the Indenture of Trust with respect to the Refunding Bonds.

Section 8. **Debt Management Policy**. The Debt Management Policy of the District (the "Debt Management Policy") is on file with the District. In accordance with California Government Code Section 8855(i), the Board hereby delegates and authorizes the Authorized Officers to approve any amendments to the Debt Management Policy from time to time as such Authorized Officers deem necessary.

Section 9. **Other Actions**. The Authorized Officers and such other officers and staff of the District are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the sale and delivery of the Refunding Bonds, and the delivery of the Indenture of Trust, the Continuing Disclosure Agreement, the Preliminary Official Statement and the Official Statement, the Escrow Agreement, and otherwise effectuate the purposes of this Resolution, and such actions in connection therewith previously taken by such officers and staff are hereby ratified and confirmed.

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

Section 11. **Effect**. This resolution shall take effect immediately.

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

Resolution No. 17-11

PASSED and ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on the 14th day of March, 2017.

AYES: Directors: R. Santos, T. Estremera, N. Hsueh, B. Keegan, G. Kremen, L. LeZotte, J. Varela

NOES: Directors: None

ABSENT: Directors: None

ABSTAIN: Directors: None

SANTA CLARA VALLEY WATER DISTRICT

JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

Resolution No. 17-11

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

DATED: March 14, 2017

MICHELE L. KING
Clerk, Board of Directors
Santa Clara Valley Water District

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Santa Clara Valley Water District

File No.: 26-0479

Agenda Date: 5/12/2026
Item No.: *3.9.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Approving and Adopting the Fiscal Year 2026-27 Operating and Capital Rolling Biennial Budget and Providing for Levy of Ad-Valorem Property Taxes; and Approve the Santa Clara Valley Water District Reserve Policy.

RECOMMENDATION:

A. Adopt the Resolution APPROVING AND ADOPTING THE OPERATING AND CAPITAL ROLLING BIENNIAL BUDGET FOR FISCAL YEAR 2026-2027;
B. Adopt the Resolution PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES IN FISCAL YEAR 2026-27 TO MEET THE COST OF ITS WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA;
C. Approve the second fiscal year of the rolling biennial budget, referred to as the Fiscal Year 2027-28 Plan; and
D. Approve the Santa Clara Valley Water District Reserve Policy.

SUMMARY:
In accordance with the District Act, Section 20, adoption of the Budget, after conclusion of the public meeting(s) to hear comments from the public on the proposed budget, the Board shall by Resolution adopt the budget as finally determined including any revisions that the Board determines advisable during or after the meeting(s) and no later than June 30 of each year.

*Throughout the Fiscal Year 2026-27 (FY27) budget process, staff provided numerous budget development updates for the Board and the public. The FY27 budget proposal is consistent with the Board's direction given to staff at those meetings. Therefore, staff recommends Board approval of the Resolution Approving and Adopting the Santa Clara Valley Water District (Valley Water) Operating and Capital Budget for Fiscal Year 2026-27 (Attachment 1).

*Staff has made minor modifications to the Fiscal Year 2026-27 Proposed Operating and Capital Rolling Biennial Budget relative to the version reviewed by the Board at the April 29 budget work study session, which have been incorporated into the attached resolutions accordingly. The modifications include the following:

A. Updated the Levy of the Safe, Clean Water and Natural Flood Protection Special Tax at the recommended level increase of 2.5%, increasing revenue by $275,475 in FY 2026-27 and $281,536 in FY 2027-28;

B. Reduced the Excess Education Revenue Augmentation Contingency Reserve by $161,619 in FY 2026-27 and $323,259 in FY 2027-28 to align with the updated Santa Clara County Auditor -Controller's calculation of at risk-funds earmarked for potential reallocation to California to support its education funding obligations;

C. Updated Retiree Health Insurance Contribution level as recommended in the Actuarial Valuation Plan Funding of the Santa Clara Valley Water District Retiree Healthcare Plan, increasing budget by $1,654,000 in FY 2026-27 and $2,048,300 in FY 2027-28;

D. Reduced the Safe, Clean Water Program Project D7: Partnerships for the Conservation of Habitat Lands project, Project No. 26072008, by $325,000 in both FY 2026-27 and FY 2027-28 to align with the acquisition of a portion of Sargent Ranch with the Peninsula Open Space Trust and to align with the Project D7's allocation under the current 15-year cycle of the Safe, Clean Water Program. The Board approved the acquisition on January 27th, 2026;

E. Increased the Water Rate Assistance Program (WRAP) budget by $250,000 in both FY 2026-27 and FY 2027-28 to support low-income communities;

F. Removed three limited-term positions: one Office Specialist in the Office of Human Resources Division, one Resident Construction Inspector, and one Construction Inspector in Construction Inspection Services, reducing costs by $525,413 in FY 2026-27 and $565,382 in FY 2027-28; and

G. Updated labor costs to reflect the current incumbent salary scale for the Chief Executive Officer in the Office of the Chief Executive Officer, increasing costs by $104,510 in FY 2026-27 and $113,216 in FY 2027-28.

*In addition, for Valley Water to receive funds to pay for the contract costs of water importation from the State of California, staff recommends approval of the Resolution to Provide for a Levy of Ad-valorem Real Property Taxes in Fiscal Year 2026-27 (Attachment 3).

*Staff recommends approval of the Valley Water Reserve Policy. The Valley Water Reserve Policy will be included in the final summary budget document, as has been the case in past years (Attachment 2).
*The transmittal letter for the FY 2026-27 Budget is included (Attachment 4).

*The final summary budget document will be available on the Valley Water website by June 30, 2026.

ENVIRONMENTAL JUSTICE IMPACT:
Valley Water acknowledges that disadvantaged communities have historically been disproportionately impacted by the effects of drought and flooding, and has provided a Water Rate

Assistance Program to help low-income households pay their water bills. The development of Valley Water's budget is accomplished in an open, transparent process providing opportunity for public input into the decision-making process. To ensure meaningful awareness of Valley Water's budget and engagement in the decision-making process, public hearings are noticed in county newspapers. The FY 2026-27 Budget, Water Charges, and Capital Improvement Program processes include over nine (9) open session discussions, supported by the Balancing Act online budget simulation tool, providing the public significant opportunity for input.

FINANCIAL IMPACT:
*Staff recommends a proposed FY 2026-27 Operating and Capital Budget of $1.415 billion, less $130.9 million in intra-district reimbursements. The total net proposed budget is $1.284 billion. The gross budget is comprised of $729.9 million in capital outlays, $555.8 million in operations outlays, and $128.8 million in debt service. The proposed budget revenue is $811.1 million, which includes proposed groundwater production and other water charges for FY 2026-27. Debt proceeds are budgeted at $526.3 million, and with the use of budgeted reserves, make up the difference between total outlays (including capital carryforward) and total revenues. Budgeted year-end reserves are $518.3 million, of which $175.6 million are legally restricted. Restricted Reserves are reserves with externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government), through constitutional provisions or enabling legislation.

*Adoption of the Resolution to Provide for a Levy of Ad-valorem Real Property Taxes in FY 2026-27 enables Valley Water to receive funds in the amount of $28 million to pay for the contract costs of water importation from the State of California.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical changes in the environment.

ATTACHMENTS:
*Original Board Agenda Memo
*Supplemental Board Agenda Memo
*Supplemental Attachment 1: Resolution, Budget
*Supplemental Attachment 2: Valley Water Reserve Policy
*Supplemental Attachment 3: Resolution, Ad Valorem Taxes
*Supplemental Attachment 4: Transmittal Letter
*Handout 3.9-A: Katja Irvin Comment

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

Santa Clara Valley Water District

File No.: 26-0351

Agenda Date: 5/12/2026
Item No.: 3.9.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Approving and Adopting the Fiscal Year 2026-27 Operating and Capital Rolling Biennial Budget and Providing for Levy of Ad-Valorem Property Taxes; and Approve the Santa Clara Valley Water District Reserve Policy.

RECOMMENDATION:

A. Adopt the Resolution APPROVING AND ADOPTING THE OPERATING AND CAPITAL ROLLING BIENNIAL BUDGET FOR FISCAL YEAR 2026-2027;
B. Adopt the Resolution PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES IN FISCAL YEAR 2026-27 TO MEET THE COST OF ITS WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA;
C. Approve the second fiscal year of the rolling biennial budget, referred to as the Fiscal Year 2027-28 Plan; and
D. Approve the Santa Clara Valley Water District Reserve Policy.

SUMMARY:
In accordance with the District Act, Section 20, adoption of the Budget, after conclusion of the public meeting(s) to hear comments from the public on the proposed budget, the Board shall by Resolution adopt the budget as finally determined including any revisions that the Board determines advisable during or after the meeting(s) and no later than June 30 of each year.

Throughout the Fiscal Year 2026-27 (FY27) budget process, staff provided numerous budget development updates for the Board and the public. The FY27 budget proposal is consistent with the Board's direction given to staff at those meetings. Therefore, staff recommends Board approval of the Resolution Approving and Adopting the Santa Clara Valley Water District (Valley Water) Operating and Capital Budget for Fiscal Year 2026-27.

Staff is making minor modifications to the Fiscal Year 2026-27 Proposed Operating and Capital Rolling Biennial Budget relative to the version reviewed by the Board at the April 29 budget work study session, which will be summarized as a supplemental agenda item along with the budget resolutions, reserve policy and transmittal letter available on May 8, 2026.

The final summary budget document will be available on the Valley Water website by June 30, 2026.

ENVIRONMENTAL JUSTICE IMPACT:
Valley Water acknowledges that disadvantaged communities have historically been disproportionately impacted by the effects of drought and flooding, and has provided a Water Rate Assistance Program to help low-income households pay their water bills. The development of Valley Water's budget is accomplished in an open, transparent process providing opportunity for public input into the decision-making process. To ensure meaningful awareness of Valley Water's budget and engagement in the decision-making process, public hearings are noticed in county newspapers. The FY 2026-27 Budget, Water Charges, and Capital Improvement Program processes include over nine (9) open session discussions, supported by the Balancing Act online budget simulation tool, providing the public significant opportunity for input.

FINANCIAL IMPACT:
Financial impact to be provided in the supplemental agenda item and made available on May 8, 2026.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical changes in the environment.

ATTACHMENTS:
Attachments to be provided in the supplemental agenda item and made available on May 8, 2026.

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

Santa Clara Valley Water District

File No.: 26-0466

Agenda Date: 5/12/2026
Item No.: *3.9.

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Approving and Adopting the Fiscal Year 2026-27 Operating and Capital Rolling Biennial Budget and Providing for Levy of Ad-Valorem Property Taxes; and Approve the Santa Clara Valley Water District Reserve Policy.

REASON FOR SUPPLEMENTAL MEMORANDUM:
This supplemental Board agenda memorandum conveys additional information received after the initial agenda item was released, consistent with Executive Limitations EL-7-10-5.

RECOMMENDATION:
A. Adopt the Resolution APPROVING AND ADOPTING THE OPERATING AND CAPITAL ROLLING BIENNIAL BUDGET FOR FISCAL YEAR 2026-2027;
B. Adopt the Resolution PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES IN FISCAL YEAR 2026-27 TO MEET THE COST OF ITS WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA;
C. Approve the second fiscal year of the rolling biennial budget, referred to as the Fiscal Year 2027-28 Plan; and
D. Approve the Santa Clara Valley Water District Reserve Policy.

SUMMARY:
In accordance with the District Act, Section 20, adoption of the Budget, after conclusion of the public meeting(s) to hear comments from the public on the proposed budget, the Board shall by Resolution adopt the budget as finally determined including any revisions that the Board determines advisable during or after the meeting(s) and no later than June 30 of each year.

*Throughout the Fiscal Year 2026-27 (FY27) budget process, staff provided numerous budget development updates for the Board and the public. The FY27 budget proposal is consistent with the Board's direction given to staff at those meetings. Therefore, staff recommends Board approval of the Resolution Approving and Adopting the Santa Clara Valley Water District (Valley Water) Operating

and Capital Budget for Fiscal Year 2026-27 (Attachment 1).

*Staff has made minor modifications to the Fiscal Year 2026-27 Proposed Operating and Capital Rolling Biennial Budget relative to the version reviewed by the Board at the April 29 budget work study session, which have been incorporated into the attached resolutions accordingly. The modifications include the following:

A. Updated the Levy of the Safe, Clean Water and Natural Flood Protection Special Tax at the recommended level increase of 2.5%, increasing revenue by $275,475 in FY 2026-27 and $281,536 in FY 2027-28;
B. Reduced the Excess Education Revenue Augmentation Contingency Reserve by $161,619 in FY 2026-27 and $323,259 in FY 2027-28 to align with the updated Santa Clara County Auditor -Controller's calculation of at risk-funds earmarked for potential reallocation to California to support its education funding obligations;
C. Updated Retiree Health Insurance Contribution level as recommended in the Actuarial Valuation Plan Funding of the Santa Clara Valley Water District Retiree Healthcare Plan, increasing budget by $1,654,000 in FY 2026-27 and $2,048,300 in FY 2027-28;
D. Reduced the Safe, Clean Water Program Project D7: Partnerships for the Conservation of Habitat Lands project, Project No. 26072008, by $325,000 in both FY 2026-27 and FY 2027-28 to align with the acquisition of a portion of Sargent Ranch with the Peninsula Open Space Trust and to align with the Project D7's allocation under the current 15-year cycle of the Safe, Clean Water Program. The Board approved the acquisition on January 27th, 2026;
E. Increased the Water Rate Assistance Program (WRAP) budget by $250,000 in both FY 2026-27 and FY 2027-28 to support low-income communities;
F. Removed three limited-term positions: one Office Specialist in the Office of Human Resources Division, one Resident Construction Inspector, and one Construction Inspector in Construction Inspection Services, reducing costs by $525,413 in FY 2026-27 and $565,382 in FY 2027-28; and
G. Updated labor costs to reflect the current incumbent salary scale for the Chief Executive Officer in the Office of the Chief Executive Officer, increasing costs by $104,510 in FY 2026-27 and $113,216 in FY 2027-28.

*In addition, for Valley Water to receive funds to pay for the contract costs of water importation from the State of California, staff recommends approval of the Resolution to Provide for a Levy of Ad-valorem Real Property Taxes in Fiscal Year 2026-27 (Attachment 3).

*Staff recommends approval of the Valley Water Reserve Policy. The Valley Water Reserve Policy will be included in the final summary budget document, as has been the case in past years (Attachment 2).

*The transmittal letter for the FY 2026-27 Budget is included (Attachment 4).

*The final summary budget document will be available on the Valley Water website by June 30, 2026.

ENVIRONMENTAL JUSTICE IMPACT:
No change from original memo.

FINANCIAL IMPACT:
*Staff recommends a proposed FY 2026-27 Operating and Capital Budget of $1.415 billion, less $130.9 million in intra-district reimbursements. The total net proposed budget is $1.284 billion. The gross budget is comprised of $729.9 million in capital outlays, $555.8 million in operations outlays, and $128.8 million in debt service. The proposed budget revenue is $811.1 million, which includes proposed groundwater production and other water charges for FY 2026-27. Debt proceeds are budgeted at $526.3 million, and with the use of budgeted reserves, make up the difference between total outlays (including capital carryforward) and total revenues. Budgeted year-end reserves are $518.3 million, of which $175.6 million are legally restricted. Restricted Reserves are reserves with externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government), through constitutional provisions or enabling legislation.

*Adoption of the Resolution to Provide for a Levy of Ad-valorem Real Property Taxes in FY 2026-27 enables Valley Water to receive funds in the amount of $28 million to pay for the contract costs of water importation from the State of California.

CEQA:
No change from original memo.

ATTACHMENTS:
*Supplemental Attachment 1: Resolution, Budget
*Supplemental Attachment 2: Valley Water Reserve Policy
*Supplemental Attachment 3: Resolution, Ad Valorem Taxes
*Supplemental Attachment 4: Transmittal Letter

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-30

APPROVING AND ADOPTING THE OPERATING AND CAPITAL ROLLING BIENNIAL BUDGET FOR FISCAL YEAR 2026-27

WHEREAS, on April 29, 2026, the Board of Directors of the Santa Clara Valley Water District (Valley Water) held its annual budget work study session to review and consider the Proposed Operating and Capital Rolling Biennial Budget (Budget) for Fiscal Year (FY) 2026-27; and

WHEREAS, such budget work study session was open to the general public to appear and be heard regarding any item of the proposed budget or for the inclusion of additional items; and

WHEREAS, Section 20 of the District Act requires that after conclusion of the public meeting(s) to hear general public comments on the proposed budget, the Board shall by resolution adopt the budget as finally determined including any revisions that the Board determines advisable during or after the meeting(s) and not later than June 30 of each year; and

WHEREAS, the Budget for FY 2026-27 was developed in accordance with the Board's Executive Limitations EL-4, which requires that the Valley Water's financial planning for any fiscal year shall be aligned with the Board's Ends, not risk fiscal jeopardy, and be derived from a multi-year plan; and

WHEREAS, the Board was provided a comprehensive overview of the budget development process and assumptions, Valley Water-wide financial review and a presentation of fund and business area financial allocations in the Proposed Budget for FY 2026-27; and

WHEREAS, the Board of Directors has previously created the following Special Purpose Funds (as such term is defined in Resolution 16-10, adopted on February 23, 2016): San Felipe Emergency Reserve, Supplemental Water Supply Reserve, and Drought Reserve; and

WHEREAS, the Board was provided assurance that the Proposed Budget for FY 2026-27 meets Board priorities, realizes efficiencies and cost savings, demonstrates fiscal accountability and value to customers, is balanced and helps ensure future financial sustainability.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Budget for FY 2026-27, plus any changes or modifications made at the time of adoption, and including the terms of this Resolution, is hereby approved and adopted; and

BE IT FURTHER RESOLVED that the total appropriations approved by the Board of Directors, which include all operating and capital outlays, debt service payments and interfund transfers, and budgeted reserves, are limited within each fund as follows (plus any changes or modifications made at the time of adoption):

FY 2026-27 Operating, Capital, and Interfund Transfer Budget

1.	General Fund (11)	$ 113,855,152
2.	Watershed and Stream Stewardship Fund (12)	$ 126,331,955
3.	Lower Peninsula Watershed Fund (21)	$ 2,731,816
4.	West Valley Watershed Fund (22)	$ 819,476
5.	Guadalupe Watershed (23)	$ 910,837
6.	Coyote Watershed Fund (24)	$ 2,459,121
7.	Safe, Clean Water and Natural Flood Protection Fund (26)	$ 230,456,853
8.	Water Enterprise Fund (61)	$ 865,360,489
9.	State Water Project Fund (63)	$ 35,848,142
10.	Fleet Management Fund (71)	$ 10,135,017
11.	Risk Management Fund (72)	$ 12,753,661
12.	Information Technology Fund (73)	$ 48,283,088

FY 2026-27 Reserves Budget

1.	General Fund (11)	$ 12,141,979
2.	Watershed and Stream Stewardship Fund (12)	$ 211,228,917
3.	Safe, Clean Water and Natural Flood Protection Fund (26)	$ 97,716,187
4.	Water Enterprise Fund (61)	$ 152,421,083
5.	State Water Project Fund (63)	$ 14,890,000
6.	Fleet Management Fund (71)	$ 2,003,803
7.	Risk Management Fund (72)	$ 21,801,633
8.	Information Technology Fund (73)	$ 6,113,174

BE IT FURTHER RESOLVED that:

1. Any subsequent changes to the Adopted Valley Water FY 2026-27 Operating, Capital and Interfund Transfer Budget shall occur as follows:

   (a) By Valley Water Board of Directors action for all budget adjustments that either increase or decrease a fund's total operating, capital, or interfund transfer budget or reserve appropriations with the exception of Currently Authorized Projects Reserve, which is comprised of accumulated unexpended and unencumbered balances of Board-approved capital project appropriations from prior years.

   (b) By Valley Water Board of Directors action for all budget adjustments between capital projects within a fund that exceed $100,000 per project within the fiscal year.

   (c) Delegation of authority is hereby conferred to the Chief Executive Officer (CEO), or his/her designee to approve budget transfers from the Supplemental Water Supply Reserve for amounts not to exceed 20 percent of the annual imported water purchases budget. The CEO shall inform the Board of any such budget transfers on a timely basis.

   (d) By the CEO, or his/her designee, for all other changes.

2. With the exception of those capital projects that have been closed or those related to capital program management and administrative services, any unexpended or unencumbered appropriation balances remaining at the end of FY 2025-26 for capital projects are hereby reappropriated to FY 2026-27 for continued use in those same projects, up to $100,000 above the planned expenditure amounts for each project identified in the draft Five-Year CIP for FY 2026-27. The portion of the balances that are not reappropriated to FY 2026-27 will remain as designated reserves for Current Authorized Projects to be reappropriated in future years in accordance with the Five-Year CIP expenditure schedule.

3. Any variances at the end of FY 2026-27 in Committed Reserves, Restricted Reserves and Other Reserves from those estimated in this FY 2026-27 Budget not otherwise reappropriated above shall result in corresponding adjustments to the FY 2026-27 estimated reserve appropriations in accordance with the Valley Water Reserve Policy. These adjustments shall be made in the following order:

   (a) First, to restore Restricted Reserves.

   (b) Second, to restore Risk Fund Committed Reserves.

   (c) Third, to restore other Committed Reserves excluding Operating and Capital Reserves.

   (d) Fourth, to restore Operating and Capital Reserves.

4. If at the commencement of FY 2027-28, the appropriations applicable to that year have not been finally determined and adopted by the Board of Directors in accordance with the District Act, Valley Water shall proceed in accordance with the following authorizations:

   (a) Except as otherwise provided in Section 4(b), the amounts set forth in the proposed budget for operating outlays, including existing debt service requirements, and capital outlays and the purposes therein specified, except funding for fixed assets, and residual equity transfers, are deemed appropriated until the final adoption of the budget by the Board of Directors.

   (b) Funding for fixed assets and residual equity transfers are deemed appropriated until the adoption of the final budget if specifically approved by the Board of Directors.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

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VALLEY WATER RESERVE POLICY

Valley Water's Reserve Policy is reviewed annually with the Board of Directors pursuant to Executive Limitation 4.6 – Financial Planning and Budgeting – "At least annually present the Board with information about Valley Water's financial reserves and schedule an opportunity for the public to comment thereon."

The Governmental Accounting Standards Board (GASB) 54 statement, issued in March 2009, required that governmental agencies adopt new standards of reporting fund balance no later than the first fiscal year beginning after June 15, 2010. While the GASB 54 requirement was specifically issued for governmental type funds, Valley Water, under its conservative and prudent fiscal policy, extended the requirement to include the enterprise and internal service funds (Water Utility Enterprise, State Water Project, Fleet Management, Information Technology, and Risk Management).

Key objectives of prudent financial planning are to ensure sufficient resources for current services and obligations, and to prepare for future anticipated funding requirements and unforeseen events. To meet these objectives, Valley Water will strive to have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserve funds will be accumulated and managed in a manner that allows Valley Water to fund expenditures consistent with the Capital Improvement Program, Water Supply Master Plan, and long-range financial plans while avoiding significant water charge fluctuations due to changes in cash flow requirements. Valley Water will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating/capital expenditures.

Reserve levels and reserve policies are reviewed annually with the Board of Directors during budget deliberations.

DEFINITIONS

According to a GASB 54 statement issued in March 2009, the following are categories for reporting of fund balances depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

A. Restricted fund balance – these are externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

B. Committed fund balance – these are self-imposed limitations or amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

C. Assigned fund balance – these are amounts that a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

D. Non-spendable fund balance – these are amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). NOTE: For the purpose of this reserve policy, only the spendable fund balances are considered.

E. Unassigned fund balance – these are amounts that are residual resources which have not been restricted, committed, or assigned. NOTE: by policy, fund balances which are not restricted or assigned are committed for fiscal transparency. Valley Water reserves are composed of Restricted Fund Balance reserves, Committed Fund Balance reserves and Assigned Fund

Balance reserves. Within these categories are budgeted reserves and special purpose reserves which are defined as follows:

- Budgeted Reserves – Budgeted reserves may vary from those of the Annual Comprehensive Financial Report (ACFR) where it is appropriate to recognize actual cash transactions that are recorded in the ACFR as liabilities. Such adjustments include recognizing inter-fund loans, debt financing, and certain accruals as funding sources available for appropriation or as funding uses that reduce funds available for other purposes. These adjustments must be annually reconciled to the audited ACFR.

- Special Purpose Reserves, Water Utility Enterprise Fund – These reserves are per the Parity Master Resolution, which allows establishment of special purpose reserves by District Board Resolution. Amounts in the Special Purpose Reserves may be used to offset extraordinary expenses and to supplement Valley Water revenues to meet debt service coverage requirements. Special purpose reserves are restricted per debt financing agreements which are in accordance with bond covenants.

A. RESTRICTED RESERVES

1. Debt Service Reserve

These reserves were established for various bond issuances. The funds are not available for the general needs of Valley Water and must be maintained as dictated in the bond covenants of the various issuances. Not all bond issuances may have all of the following reserves, but the primary debt reserves are Debt Service Reserve Fund (to fund payments should Valley Water not be able to make debt service payments due to cash shortfalls), Arbitrage Rebate (to accumulate funds to offset the potential liability from excess earnings) and Debt Service Payment Fund (a pass-through reserve for initiating debt service payments).

2. Debt Proceeds Reserve

Bond covenants prescribe the use of debt financing proceeds. Debt proceeds typically fund capital projects as described in various bond issues. Debt proceeds, however, are not claimed until project expenses are incurred. Unclaimed debt proceeds are held in trust and identified in Debt Proceeds Reserves.

3. Rate Stabilization Reserve for Bond Covenant – Water Utility Enterprise Fund

The Parity Master Resolution for the Water Utility Enterprise requires the provision of a Rate Stabilization Reserve to offset expenses and revenue shortfalls, and to supplement Valley Water revenues to meet debt service coverage requirements. The minimum funding level is 10% of annual debt service due on all senior and parity obligations plus one month of adopted budget operations outlays. The specific level is to be financially prudent and based on reasonably anticipated needs.

4. Guiding Principle #5 (GP5) Reserve – Water Utility Enterprise Fund

In May 2018, the Board of Directors approved a resolution establishing Guiding Principle 5 (GP5) – Equity and Costs are Important. GP5 was established to allow certain communities/agencies to receive Valley Water contributions in the form of additional, incremental, dedicated and segregated funds exclusively for water conservation programs, recycled water, purified water, wastewater treatment plant updates, automatic

meter infrastructure (AMI) updates or dedicated environmentally focused grants. The funding is limited to FY 2019 through FY 2024, subject to 20% matching funds from the communities receiving Valley Water contributions and is limited to communities/agencies that currently pay State Water Project tax but receive an average of 85% of their water supply from non-District managed supplies. Valley Water's contributions shall not exceed the State Water Project taxes paid by these communities/agencies. Eligible agencies had Until June 30, 2024 to gain Valley Water approval for projects.

The GP5 reserve was established in FY 2019-20 as a sub-category of the Rate Stabilization Fund to set aside the unspent/unencumbered balances beginning in FY 2018-19 and subsequent years. Funds in this reserve, including interest earned, are to reimburse eligible GP5 expenditures through the completion of each agreement. Four agencies were granted GP5 funding: the City of Mountain View (AMI and recycled water projects), the City of Palo Alto (RWQCP project), the Purissima Hills Water District (leak detection project), and Stanford University (RWQCP project). These funds will reimburse eligible expenditures through the completion of each agreement. The GP5 reserve is expected to sunset upon completion of all agreements.

5. San Felipe Emergency Reserve – Water Utility Enterprise Fund

This special purpose reserve is required by Valley Water contractual obligations with the U.S. Bureau of Reclamation for the operation and maintenance of the San Felipe Division of the Central Valley Project. The purpose of the reserve is to provide resources for unusual operation and maintenance costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or emergencies threatening or causing interruption of water service.

Use of this reserve requires authorization by the U.S. Department of the Interior. Per contract, the funding level was accumulated in annual deposits of $200,000 until the reserve totaled $1.75 million, after which interest earned on the reserve is deposited annually.

6. Silicon Valley Advanced Water Purification Center (SVAWPC) Reserve – Water Utility Enterprise Fund

This special purpose reserve serves as a fund for the replacement of micro filtration modules, reverse osmosis elements, and ultraviolet lamps at the Silicon Valley Advanced Water Purification Center (SVAWPC). Per the Recycled Water Facilities and Programs Integration Agreement between the City of San Jose and the Santa Clara Valley Water District dated March 2010, the annual contribution to the reserve may be up to $810,000 starting in FY 2009-10 and adjusted annually by 3% for inflation, thereafter, until such time that the reserve reaches the reserve cap. The reserve cap was set in FY 2013-14 at $2.6 million and is to be adjusted by 3% for inflation annually thereafter. The reserve cap is based on a five-year replacement schedule for the micro filtration modules and reverse osmosis elements. The specific level of this reserve is to be set based on reasonably anticipated needs and uses. The reserve will sunset once the funds are fully expended, which is anticipated in FY 2025-26.

7. Supplemental Water Supply Reserve – Water Utility Enterprise Fund

This special purpose reserve funds water banking activities, transfers, and exchanges necessary to augment supplies during water shortages and to sell or bank unused supplies when water resources are available. The minimum funding level is set at 20%-

50% of the annual imported water purchases budget based on prudent projections of hydrology, Delta conditions, and the water market.

8. Drought Reserve – Water Utility Enterprise Fund

This special purpose reserve funds drought response costs necessary to protect the residents, industry, and riparian ecosystems of Santa Clara County, and to minimize water charge impacts during a drought emergency (as determined by the Board). To minimize water rate impacts, this reserve may be funded by Board direction to allocate actual surplus revenue that may have occurred during the prior year. Surplus revenue is defined as the positive difference between actual Water Utility operating revenue and budgeted Water Utility operating revenue. This reserve may also be funded by planned appropriations, which would be paid for by water rates and approved by the Board during annual water rate adoption. Drought response costs may include but not be limited to water purchases and exchanges; special studies or system improvements related to delivery of water purchases; incremental conservation activities; and accelerated or opportunistic operations and maintenance activities spurred by the drought. The maximum funding level is set at 10% of adopted budget operating outlays.

9. State Water Project Tax Reserve – Water Utility Enterprise Fund

The purpose of the State Water Project Tax Reserve is to accumulate unspent funds for voter approved State Water Project contract obligations. Funds accumulated in this reserve will be available to support State Water Project contract obligations in subsequent years.

10. Currently Authorized Projects Reserve – Voter Approved Safe, Clean Water Fund

This reserve is designated to fund those capital projects that are included in the annually adopted 5-Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of this reserve is set at the end of each fiscal year based on the accumulated unexpended and unencumbered balances of Board-approved capital project appropriations remaining at the end of each fiscal year.

A portion of this reserve is re-appropriated at the beginning of the new fiscal year consistent with capital appropriations included in the CIP to provide funding in that fiscal year. The remaining authorized project reserve is available for future budget adjustments for the respective appropriations; after a capital project is closed, the remaining authorized project reserves are moved to the operating and capital reserve balance.

11. Encumbrance Reserves – Voter Approved Safe, Clean Water Fund and State Water Project Fund

This reserve represents the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been received. The reserved balance is available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The funding level of this reserve will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

12. Operating and Capital Reserve – Voter Approved Safe, Clean Water Fund

This reserve ensures adequate working capital for cash flow needs and provides a funding source for operating and capital needs that arise during the year. The funding level is a minimum of 50% of adopted budget operations outlays. The minimum level

includes remaining available resources after the needs of all other reserves have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

13. Safe, Clean Water (SCW) Rate Stabilization Reserve – Voter Approved Safe, Clean Water Fund

The SCW Rate Stabilization Reserve is required to offset timing differences between expenses and collection of the SCW special parcel tax to meet debt service coverage requirements. There is no minimum funding requirement for this reserve. The specific level is to be financially prudent and based on reasonably anticipated needs. The annual amount to contribute or withdraw will be determined as financial conditions warrant and as approved by the Valley Water Board of Directors.

14. Contingency Reserve – Voter Approved Safe, Clean Water Fund

The Contingency Reserve for the Safe, Clean Water Fund is established and maintained as financial or other business conditions warrant. Funds accumulated in this reserve are used to ensure that Valley Water delivers on the commitments made in the November 2020 ballot. There is no minimum funding requirement for this reserve. The specific level is to be financially prudent and based on reasonably anticipated needs. The annual amount to contribute or withdraw will be determined as financial or other business conditions warrant and as approved by the Valley Water Board of Directors.

B. COMMITTED RESERVES

1. Liability/Workers' Compensation Self-Insurance Reserve – Risk Management Fund

The Liability/Workers' Compensation Self-Insurance Reserve is to ensure that Valley Water's self-insurance programs have adequate resources for general liability and workers' compensation ultimate payouts for both known and incurred but not reported claims.

Additionally, because of Valley Water's high self-insured retention, and low claims volume, it also provides for reserve funds to cover one large liability loss which would otherwise virtually deplete existing reserves. The reserve is based on independent actuarial evaluations conducted bi-annually for general liability and workers' compensation programs. The reserve level is set each year based on the actuarially determined confidence level for total claims liabilities discounted to present value. The reserve is intended to be used for claim payouts greater than those budgeted.

The Board of Directors approved funding of the Workers' Compensation Reserve at 90 percent actuarial confidence level and funding of the General Liability Reserve at 90 percent confidence level at the April 28, 2009, board meeting.

2. Property Self-Insurance/Catastrophic Reserve – Risk Management Fund

The Property Self-Insurance/Catastrophic Reserve purposes are to provide for uninsured property losses to Valley Water facilities such as pipelines and levees and provide sufficient funds to initiate repair and recovery of damage to Valley Water facilities in advance of FEMA activation and reimbursement. The reserve may be used to pay for uninsured/uninsurable property losses which would adversely impact Valley Water operations and/or to cover all or a portion of District-paid expenses necessary to

initiate immediate service restoration efforts. It is anticipated that in most cases, the reserves would be replenished from later reimbursement by FEMA for costs initially paid from this reserve. The reserve funding level is a minimum of $5 million adjusted for outstanding reimbursements.

When this reserve is used, the corresponding reimbursements are deposited in the Risk Management Fund to replenish the reserve directly or through subsequent adjustments to intra-district Risk Management Fund charges.

3. Excess ERAF Contingency Reserve

The Excess ERAF Contingency Reserve sets aside 22% of Valley Water's Excess Educational Revenue Augmentation Fund (ERAF) receipts from FY 2020-21 to FY 2023-24, 20% of receipts in FY 2024-25, 18% of receipts in FY 2025-26, and 16% thereafter, in anticipation of a repayment to the state. This is a result of the State of California Proposed FY 2024-25 Budget which retroactively amends the current calculation of the disbursement of Excess ERAF funds to also include Charter Schools, reducing the amount of funds returned to agencies in five counties (Marin, San Francisco, Santa Clara, San Mateo, and Napa), including Valley Water. Santa Clara County and Marin County have filed lawsuits to attempt to block these changes. If successful, the reserve funds will not have to be repaid and will remain with Valley Water. If the lawsuits are not successful, and the state budget proposal is approved, then Valley Water must refund the reserved funds. This reserve will no longer be necessary after a favorable ruling or the repayment to the state, contingent on the outcome of the pending litigation.

4. Floating Rate Debt Payment Stabilization Reserve – Water Utility Enterprise Fund

This reserve is intended to stabilize the debt service payments on floating rate debt which by its nature fluctuates constantly. This reserve will be for long-term floating rate debt and not short-term floating rate debt (i.e., commercial paper). The reserve may be funded at 10% of the floating rate debt service interest payment. The maximum amount is no more than 20% of total floating rate debt service interest payments for a fiscal year. Excess funds over 20% will be used to pay down floating rate debt when advisable (i.e., based on market conditions, future issuance plans, etc.). There is no minimum funding requirement for this reserve. Should payments for floating rate interest in a given fiscal year exceed budgeted amounts, this reserve will be drawn down to provide stabilization of debt service interest payments.

5. Operating & Capital Reserve – except for Safe, Clean Water Fund

These reserves serve several purposes: to ensure adequate working capital for cash flow needs; to provide a funding source for operating and capital needs that arise during the year and, in the case of the water utility, to protect against revenue shortage caused by unusually wet years. The funding level for the Water Utility is a minimum of 15% of adopted budget operations outlays and a minimum of 50% for the Watershed Funds. For the General Fund and Internal Service Funds, the funding level is a minimum of 5% of total adopted budget operations outlays. The minimum level for each fund includes remaining available resources after the needs of all other reserves within those funds have been met. The reserve level is to be set based on reasonably anticipated needs.

6. Currently Authorized Projects Reserve – except for Safe, Clean Water Fund

These reserves are designated to fund those capital projects that are included in the

annually adopted 5-Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of these reserves are set for each fund at the end of each fiscal year based on the accumulated unexpended and unencumbered balances of Board approved capital project appropriations remaining at the end of each fiscal year.

A portion of this reserve is re-appropriated at the beginning of the new fiscal year consistent with capital appropriations included in the CIP to provide funding in that fiscal year. The remaining authorized project reserve is available for future budget adjustments for the respective appropriations; after a capital project is closed, the remaining authorized project reserves are moved to the operating and capital reserve balance.

C. ASSIGNED RESERVES

1. Encumbrance Reserves – except for Safe, Clean Water Fund and State Water Project Fund

These reserves represent the balance of outstanding encumbrances (contractual commitments) at year-end, for which the goods or services have not been received. The reserved balance is available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The funding level of these reserves will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

2. Market Valuation Reserves

These reserves for market valuation represent the increase/gain (only) in the market value of Valley Water's pooled investments as of the end of the fiscal year as a result of its compliance with the provisions of Government Accounting Standard Board Statement No. 31 (GASB 31), Accounting and Financial Reporting for Certain Investments and for External Investment Pools. GASB 31 requires Valley Water to report investments at fair market value in the Statement of Net Assets, the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Due to this requirement, investment income must be adjusted to reflect the fair value change from one fiscal year to the next fiscal year. However, Valley Water's investment policy dictates a buy-and-hold strategy in which, with very few exceptions, Valley Water holds all securities to their maturity, thereby not incurring any loss or gain that could impact the size and yield of the investment portfolio. These reserves do not represent cash available for appropriation and were established to ensure that the increase in the investment value does not result in an overstatement of funding available for expenditure.

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BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-31

PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES IN FISCAL YEAR 2026-27 TO MEET THE COST OF ITS WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA

WHEREAS, the Santa Clara Valley Water District (Valley Water) incurs an annual indebtedness to the State of California (State) pursuant to its Water Supply Contract with the State of California dated November 20, 1961 (State Water Supply Contract), and such indebtedness was approved by the voters prior to July 1, 1978, within the meaning of Article XIIIA of the California Constitution; and

WHEREAS, Valley Water anticipates that its contractual indebtedness to the State under the State Water Supply Contract during the fiscal year beginning July 1, 2026, and ending June 30, 2027 (Fiscal Year 2026-27), will be at least $28 million; and

WHEREAS, Section 11652 of the California Water Code requires the Valley Water Board of Directors (Board) to levy a tax sufficient to assure payment of sums due under Valley Water's Water Supply Contract; and

WHEREAS, Section 1(b) of Article XIIIA of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by the voters prior to July 1, 1978, from the limitation set forth in Section 1(a) of Article XIIIA; and

WHEREAS, Valley Water's indebtedness from its Water Supply Contract falls within such exemption; and

WHEREAS, Valley Water's Water Supply Contract is protected against impairment under the provisions of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California Constitution prohibiting the impairment of the obligation of contracts; and

WHEREAS, the Board has previously considered, in a public hearing, Staff's recommendation that anticipated Fiscal Year 2026-27 State Water Project (SWP) expenses of approximately $35.8 million be paid for through the setting of the SWP Tax at $28 million rather than through further increases to groundwater production charges over and above Staff's recommended FY 2026-2027 groundwater charge increases; and

WHEREAS, this Board is concurrently approving rate increases to all of Valley Water's groundwater, surface water, and recycled water charges for Fiscal Year 2026-27, including a 9.1% increase to North County (Zone W-2)'s municipal and industrial (M&I) groundwater production charge and increases between 6.6% to 9.4% in all other groundwater benefit zones and in the agricultural groundwater charge; and

WHEREAS, if anticipated SWP expenses were not paid through imposition of a $28 million SWP Tax but rather were paid for through groundwater charges, then Valley Water's North County (Zone W-2) municipal and industrial (M&I) groundwater production charge would need an additional increase of $158/AF (to $2,831/AF) or approximately 15.5% rather than 9.1%. Similarly, absent paying for SWP charges with the SWP tax, in South County, the M&I charges would have necessitated additional increases of: $37/AF in Zone W-5 (to $702.50/AF), $49/AF in Zone W-7 (to $962.00/AF), and $38/AF in Zone W-8 (to $539.00/AF). The agricultural groundwater charge would have necessitated additional increases of $3.35/AF (to $49.85/AF) in all zones, and the Open Space Credit would have necessitated an increase of roughly $962,533; and

WHEREAS, the Board, after reviewing and considering all the facts, information and reports provided by Valley Water staff, and information communicated to the Board during public meetings in which Valley Water's Fiscal Year 2026-27 budget and proposed increase of rates and charges were considered, has determined that it is necessary to raise the amounts hereinafter specified as an ad valorem real property tax, and that it is not feasible to raise said sums from further one-year water rates increases; and

WHEREAS, said ad valorem real property tax is consistent with Valley Water's past practice and is consistent with (Goodman v. County of Riverside (1983) 140 Cal.App.3d 900), the approach of other water districts and agencies that maintain water supply contracts with the State.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

1. That said Board has determined that the amounts necessary to be raised by taxation during Valley Water's Fiscal Year 2026-27 to pay indebtedness approved by the voters prior to July 1, 1978, and/or for which a tax levy is required under Article I, Section 10 of the United States Constitution and Article I, Section 9 of the California Constitution is $28 million for payments on Valley Water's State Water Supply Contract dated November 20, 1961.

2. That, for the reasons stated above, said Board determines that it is infeasible to further increase or raise groundwater production charges or other water charges or rates to pay the $28 million in expenses associated with Valley Water's State Water Supply Contract dated November 20, 1961.

3. That consistent with the requirements of law and specifically within the limitations imposed by Article XIIIA of the Constitution of the State of California there shall be levied in Fiscal Year 2026-27 an ad valorem real property tax within Valley Water sufficient to raise the sum of $28 million to meet that portion of Valley Water's Water Supply Contract obligation which may be lawfully so raised.

4. That the funds received by Valley Water pursuant to the aforementioned ad valorem tax levy shall be placed in a separate fund identified for the indebtedness set forth above.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____

TONY ESTREMERA
Chair, Board of Directors

ATTEST: CANDICE KWOK-SMITH

_____

Clerk, Board of Directors

BUDGET TRANSMITTAL LETTER FOR FISCAL YEAR 2026-27 & 2027-28 ROLLING BIENNIAL BUDGET

May 12, 2026

Honorable Members of the Board of Directors of the Santa Clara Valley Water District:

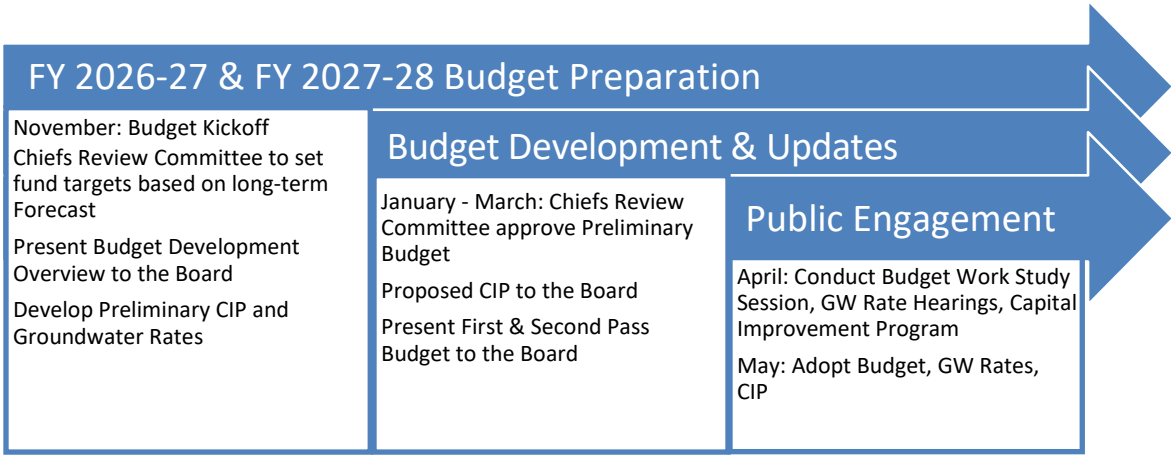
In accordance with Valley Water Policy, I am submitting the Fiscal Years 2026-27 (FY27) & 2027-28 (FY28) Proposed Operating and Capital Rolling Biennial Budget for the Santa Clara Valley Water District (Valley Water). This Budget represents Valley Water's rolling biennial budget, in which the Board adopts a one-year budget and approves a second year Plan, with the FY28 Plan serving as a starting point for the next biennial budget cycle. The rolling biennial budget is updated annually, which is aligned with the guiding State, District Act and Valley Water Policies, and is conducive to long-term planning while remaining responsive to the dynamic and ever-changing needs of the organization. Additionally, it represents Valley Water's mission of providing Santa Clara County safe, clean water for a healthy community, environment, and economy. This Budget provides a comprehensive financial plan that includes a forecast of operating and non-operating revenues and expenditures; financing of long-term capital improvement plans to support infrastructure needs; and funding for the repayment of long-term debt.

In FY27 & FY28, Valley Water will respond to economic uncertainty while continuing to focus on its core mission to provide safe, clean water, flood protection, and environmental stewardship to the community. Valley Water will maintain a disciplined financial approach to ensure long-term financial sustainability and affordability. Furthermore, Valley Water will continue to provide stability in workforce costs with its new labor agreement while continuing to provide efficient and effective services and deliver on its commitments with a fiscally responsible budget.

FINANCIAL OVERVIEW

The accounts of Valley Water are organized based on fund types and account groups. Each fund is an independent accounting entity with a self-balancing set of accounts comprised of its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Fund accounting allows government resources to be segregated and accounted for their intended purposes, aiding management in demonstrating compliance with finance-related legal and contractual provisions.

The budget development process begins in November of each year and concludes on June 30, with the posting of the adopted budget. The budget development process for the FY27 and FY28 Biennial Budget includes numerous public hearings, as well as input from the Board on urgent priorities for the upcoming fiscal year.



VALLEY WATER PRIORITIES

This budget demonstrates a fiscally responsible, balanced budget to meet the community's expectations of Valley Water. The Budget was developed based on the Board's current strategies; the FY 2026-27 Board Work Plan will be approved in the near future. The organization will incorporate specific activities that address the Board's urgent priorities into its workplan and periodically update the Board Policy and Planning Committee and the full Board throughout the fiscal year and bring adjustments back to the Board, if needed.

Given the challenges posed by ongoing economic uncertainty and increasing financial pressure, it is essential for Valley Water to remain grounded in its core mission while emphasizing long-term financial sustainability and affordability. This budget addresses these pressures by stabilizing workforce costs, supported by a new labor agreement and no new staff positions while prioritizing investments in critical infrastructure. Through these efforts, Valley Water will continue to provide efficient and effective services and deliver safe, clean water, flood protection, and environmental stewardship to support a healthy community, environment, and economy.

REVENUE

The FY 2026-27 & 2027-28 Proposed Rolling Biennial Budget includes projected revenues of approximately $811.1 million in FY 2026-27, a net increase of $65.2 million from the $745.9 million included in the FY 2025-26 Adopted Budget. This 8.7% increase is primarily derived from the increase in water charges revenue ($43.2 million), capital reimbursements ($4.7 million), property taxes ($10.0 million), interest and other operating and non-operating revenues ($6.1 million), and special parcel taxes ($1.5 million), partially offset by decreases in intergovernmental services (-$0.2 million). In FY 2027-28, revenues are estimated to be $821.3 million, a net increase of $10.1 million from the FY 2026-27 budget. The 1.2% growth is primarily attributed to an increase in water charges revenue ($49.3 million), property taxes ($3.5 million), other operating and non-operating revenues ($0.1 million), intergovernmental service ($0.1 million), special parcel tax ($1.2 million), offset by a reduction in capital reimbursements (-$44.1 million).

APPROPRIATIONS/OUTLAYS

Net total operating and capital outlays for the FY 2026-27 Proposed Budget is $1.284 billion, which includes $128.8 million in debt service outlays. For the FY 2027-28 Plan, net total operating and capital outlays is $1.264 billion, which includes $161.2 million in debt service outlays. This figure does not include capital carry forward that was appropriated by the Board in prior years and is net of General Fund intra-district reimbursements and Internal Service Fund charges.

NET OPERATING OUTLAYS

Net operating outlays for the FY 2026-27 Proposed Budget total $457.6 million, an increase of $21.4 million from the FY 2025-26 Adopted Budget. The increase in net outlays is primarily due to the State Water Project, Clerk of the Board Services, Delta Conveyance, San Francisquito Creek, San Francisco Bay to Searsville Dam, Watershed Asset Management, and Tree Maintenance Program projects. Net operating outlays for the FY 2027-28 Plan total $470.0 million, an increase of $12.3 million from the FY 2026-27 Budget.

NET CAPITAL OUTLAYS

Net capital project appropriations total $697.3 million in the FY 2026-27 Proposed Budget, an increase of $302.3 million from the 2025-26 Adopted Budget. It is anticipated that $63.1 million of the FY 2025-26 Adjusted Budget for capital projects also will carry forward into FY 2026-27 at the close of the current fiscal year as most capital improvement projects will require multiple years to complete. For the FY 2027-28 Plan, net capital project appropriations total $633.3 million, a decrease of $64.0 million from the FY 2026-27 Budget; $8.6 million of the FY 2026-27 Budget for capital projects is estimated to be carried forward into the FY 2027-28 Budget. The capital budget represents those projects that have been identified and prioritized in the Five-Year Capital Improvement Program (CIP).

INTRA-DISTRICT REIMBURSEMENTS

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements, totaling $130.9 million in FY 2026-27 and $147.4 million in FY 2027-28. Intra-district charges reimburse the General Fund and Service Funds for functions such as finance, accounting, payroll, human resources, information technology, facilities, organizational leadership, and fleet management.

OTHER FINANCING SOURCES/USES

Other financing sources include debt financing proceeds to fund capital projects. For FY 2026-27, Valley Water anticipates issuing approximately $526.3 million in debt proceeds, of which $407.0 million is to finance the Water Utility system infrastructure improvements and $119.3 million is for Safe, Clean Water (SCW) capital projects.

RESERVES

Valley Water reserves are comprised of Restricted Fund Balance reserves, Committed Fund Balance reserves and Assigned Fund Balance reserves. Within these categories are budgeted reserves and special purpose reserves; further detail is found in the FY 2026-27 & FY 2027-28 Rolling Biennial Operating and Capital Budget document beginning on page 3−51. Overall, budgeted reserves for Fiscal Year 2026-27 are expected to total $518.3 million and $525.7 million in Fiscal Year 2027-28. Budget reserve balances are affected by the true up of actual revenues, unspent operating and capital project funds, carryforward amounts and budget adjustments throughout the fiscal year.

($ in Thousands)	Budgetary Basis Actual 2024-25	Adopted Budget 2025-26	Projected Year End 2025-26	Planned Budget 2026-27	Proposed Budget 2026-27	Change from 2025-26 $ Diff	Change from 2025-26 % Diff	Planned Budget 2027-28	Change from 2026-27 $ Diff	Change from 2026-27 % Diff
Restricted Reserves										
Safe, Clean Water & Natural Flood Protection Fund	187,903	177,840	107,141	151,024	97,716	(80,124)	(45%)↓	95,815	(1,901)	(2%)↓
Water Enterprise Funds	58,264	65,525	75,519	71,029	77,906	12,381	19%↑	81,308	3,402	4%↑
Subtotal	**246,167**	**243,365**	**182,660**	**222,053**	**175,622**	**(67,743)**	**(28%)↓**	**177,123**	**1,501**	**1%↑**
Committed Reserves										
General Fund	33,451	19,689	27,124	19,163	12,142	(7,547)	(38%)↓	10,738	(1,404)	(12%)↓
Watershed Stream Stewardship Fund	195,150	161,123	204,936	171,803	211,229	50,106	31%↑	189,437	(21,792)	(10%)↓
Water Enterprise Funds	188,019	92,849	83,281	109,202	89,405	(3,444)	(4%)↓	121,213	31,808	36%↑
Internal Service Funds	31,205	23,440	29,627	17,111	29,919	6,479	28%↑	27,229	(2,690)	(9%)↓
Subtotal	**447,825**	**297,101**	**344,968**	**317,279**	**342,695**	**45,594**	15%↑	**348,617**	**5,922**	2%↑
Grand Total	**693,992**	**540,466**	**527,628**	**539,332**	**518,317**	**(22,149)**	**(4%)↓**	**525,740**	**7,423**	**1%↑**

DEBT OVERVIEW

The FY 2026-27 debt portfolio total outstanding principal of $1.666 billion includes $259.6 million for Watersheds and $1.406 billion for the Water Utility Enterprise. The annual debt service budget of $128.8 million includes repayment of principal, interest and various banking and legal fees for the debt portfolio.

The long-term strategy is to issue short-term debt to provide just-in-time funding for eligible capital projects as actual expenditures are incurred. As the outstanding short-term debt obligations reach the program capacity, the outstanding short-term debt will be refunded with long-term debt to be repaid over 30 years. For the Water Utility Program, the issuance of long-term debt helps keep water charges stable over the long-term while ensuring inter-generational equity by matching the timing of the debt service repayment to the useful life of the asset and allowing for the completion of capital projects in a timely manner. The FY 2026-27 Protection and Augmentation of Water Supplies (PAWS) report demonstrates that Water Utility finances will be sustainable, including the issuance of debt, assuming the forecasted water charge increases are adopted.

For the Safe, Clean Water Program, issuing debt allows the projects to be completed earlier as it bridges the timing difference between when the voter approved special parcel tax revenues are collected versus the desired project delivery schedule based on the Board approved CIP.

The Safe, Clean Water special parcel tax, approved by voters on November 3, 2020, authorized Valley Water to levy the special parcel tax with periodic Board review of the amount necessary to fund ongoing operations, maintenance and capital project costs planned under the SCW program.

The Santa Clara Valley Water District proactively manages its debt portfolio to ensure access to the public finance credit markets at the lowest available borrowing cost, preserve strong credit ratings, fulfill its fiduciary responsibility to its customers, and provide high quality water service, stream stewardship and flood protection at the lowest possible cost.

BOND RATINGS

The bond ratings for Valley Water's outstanding debt reflect high grade investment quality debt. They are based on Valley Water's positive fiscal policy and financial strengths. The bond ratings are either the highest for a water related governmental entity in the State of California or among the highest.

Bonds issued at this credit rating result in lower interest rates and corresponding lower debt service payments.

Please see table below for ratings going into FY 2026-27.

	Water Utility Parity Debt	Watershed Debt	Safe Clean Water Debt	WIFIA Debt
Moody's	Aa1	Aa1	Aa1	N/A
Standard & Poor's	N/A	AAA	N/A	N/A
Fitch	AA+	AA+	AA+	AA+

STAFFING

The FY 2026-27 & FY 2027-28 Proposed Rolling Biennial Budget includes 878 positions composed of 876 regular positions and 2 limited term positions for FY 2026-27 and 884 regular positions and 1 limited term position for FY 2027-28. In FY 2025-26, 45 positions were paused which resulted in a decrease of positions from 921 positions in FY 2024-25 to 876 positions in FY 2025-26. In FY 2027-28, eight previously paused positions are planned to be released. For a comprehensive schedule of district-wide salaries and benefits, please refer to the *Salaries & Benefits* in the "Financial Overview" section.

Regular Position Count by Organization Area

	Adopted Budget 2024-25	Adopted Budget 2025-26[2]	Change from 2025-26	Proposed Budget 2026-27[2,3]	Change from 2026-27	Proposed Plan 2027-28[4]
Board Appointed Officers[1]	78	71	30	101	0	101
Office of Integrated Water Management	70	70	-3	67	0	67
External Affairs	46	43	0	43	0	43
Administrative Services	166	160	-31	129	0	129
Water Utility	304	291	0	291	0	291
Watersheds	257	241	4	245	8	253
Districtwide	**921**	**876**	**0**	**876**	**8**	**884**

[1] Board Appointed Officers Include: Office of Chief Executive Office, District Counsel and Clerk of the Board.

[2] 45 positions are paused for FY 2025-26 & FY 2026-27.

[3] Human Resources Division was moved from Administrative Services to Board Appointed Officers in FY 2026-27.

[4] 37 positions are paused for FY 2027-28.

FUTURE OUTLOOK

Valley Water is responding to economic uncertainty and increased financial pressure while continuing to focus on its core mission to provide safe, clean water, flood protection, and environmental stewardship to the community. This budget addresses these challenges by continuing a 45-position pause, focusing on high-priority capital projects, seeking low-cost federal loans and grants, and making strategic investments to enhance efficiency while advancing key initiatives. Valley Water will plan

strategically to ensure long-term financial sustainability and affordability, while maintaining appropriate staffing levels and prioritizing staff safety. In addition, Valley Water will strengthen workplace culture and community impact as core values, while maintaining a focus on strategic sustainability to proactively prepare for future challenges.

Melanie Richardson, P.E.
Interim Chief Executive Officer

Outlook

Public comment for 5/12/26 Item 3.9. Operating and Capital Rolling Biennial Budget

From: Katja Irvin <katja.irvin@sbcglobal.net>
Sent: Tuesday, May 12, 2026 1:50 PM
To: Clerk of the Board <clerkoftheboard@valleywater.org>; Board of Directors <board@valleywater.org>; james.eggers@sierraclub.org
Subject: Public comment for 5/12/26 Item 3.9. Operating and Capital Rolling Biennial Budget

For the record, here is my public comment delivered on the subject agenda item.

It is good to see the operations project details pages now mention the Sites Reservoir Project and the B.F. Sisk Dam Raise Project under the projects they are assigned to. I want to thank Darin Taylor and his team for adding that information, and for providing me with specifics about the FY 27 budgets for these projects.

The FY 27 budget for Sites is $250,000. The latest quarterly report to California Water Commission shows "contracts for non-public cost share" completed by September 2026, and the WSIP award hearing in December 2026, so contracts will need to be signed by then and participant funding provided to the Sites Project Authority. The report says participant funding to move the project to construction is about $101M but an updated total project cost estimate is underway, so the needed funding is likely to be more. Valley Water's current participation level is .66% which comes out to about $668,000 even at the current cost estimate, much more than the $250,000 allocated in the budget. That will be a big mid-year budget adjustment.

I also want to thank staff Linh Hoang for providing me with information about how staff is measuring and tracking the effectiveness of outreach and engagement. I suggested to Linh that the California Water Commission provides a good example of tracking outreach. The Commission schedules regular agenda items to report on engagement trends, which explicitly provides an opportunity for discussion. I provided Linh with information about their last report which was in April.

This comes from a goal in the Commission's 2025 Strategic Plan which directs the Commission to support smart water management through outreach, engagement, and a commitment to equity. Goal Two also directs the Commission to use its forum to provide interested parties with the opportunity to inform Commission activities and decision-making, and to develop, implement, and evaluate a targeted outreach approach to increase engagement.

I encourage the Board to develop a similar strategic goal related to increasing and tracking engagement, at least for the CIP/rate-setting/budget process which is arguably the most important Board action since everything Valley Water does flows from that process.

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File No.: 25-1064

Agenda Date: 5/12/2026
Item No.: 4.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Delegating Authority to Deposit and Invest Funds to the Treasurer or Their Designees, Approve the Board Investment Policy, and Authorize the Negotiation and Execution of Agreements with Investment Management Service Providers.

RECOMMENDATION:

A. Adopt the Resolution DELEGATING AUTHORITY TO DEPOSIT AND INVEST FUNDS TO THE TREASURER OR THEIR DESIGNEES;
B. Approve the Board Investment Policy; and
C. Authorize sole source procurement with SymPro and Bloomberg for investment-related services for five years in a combined amount not to exceed $100,000 annually.

SUMMARY:
In accordance with Executive Limitation (EL) 4.9 regarding treasury and investment management, and pursuant to California Government Code (Government Code) Sections 53607 and 53608, staff recommends that the Board approve the recommendations to ensure financially prudent management of Santa Clara Valley Water District's (Valley Water) investment portfolio.

Delegation of Authority to Deposit and Invest Funds

Per Government Code Sections 53607 and 53608, the delegation of authority to invest Valley Water's funds must be renewed annually by the Board. The Board's current delegation of authority to invest expires on June 30, 2026. If the Board chooses not to delegate the authority to invest funds in Fiscal Year 2026-27, the Treasurer (Chief Financial Officer) or their designees (Treasury and Debt Officer) will be limited to making deposits only, and the Board will be responsible for the investment of Valley Water's funds. Furthermore, Government Code Section 53608 requires the Board to delegate the authority to deposit funds for safekeeping with a federal or state association (as defined by Section 5102 of the California Financial Code), a trust company or state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Through the Board's adoption of the resolution attached to this memorandum as Attachment 1, the Board, pursuant to

Government Code Sections 53607 and 53608, will delegate to the Treasurer or their designees, the authority to invest or deposit such funds during Fiscal Year 2026-27 in accordance with the provisions set forth in the Government Code.

Investment Policy

The Valley Water Board Investment Policy (Investment Policy) is in compliance with the Government Code and follows the priorities of safety, liquidity, and yield. The Investment Policy applies to Valley Water's pooled investment fund, which encompasses all monies under the direct oversight of the Treasurer or their designees. Included in the investment pool are funds accounted for in Valley Water's General Fund, the Safe, Clean Water Fund, the Watershed Funds, the Water Utility Enterprise Fund, the Equipment Service Fund, the Risk Insurance Fund, and debt proceeds with special consideration given to specific provisions contained in the indentures for each debt obligation.

The Investment Policy reflects minor editorial changes as well as the following updates:

- Updates published by the California Debt and Investment Advisory Commission (CDIAC) reflecting state law changes effective as of January 1, 2026:
    - Revised sections 7.4 and Appendix B - as per Chapter 323, Statutes of 2025 (SB 595), which amends Gov. Code section 53601(h). The bill extends the authority for local agencies that manage $100 million or more in investment assets to invest up to 40% of their funds in eligible commercial paper to January 1, 2031. SB 595 also makes the change, concurrent and conforming with the amendments to Gov. Code 53601(h) made by SB 858, to permanently increase the maximum allowable maturity for prime quality commercial paper from 270 days to up to 397 days, up to and after the January 1, 2031, sunset date established under SB 595.
    - Revised Section 7.14.1 - as per SB 595, which amends Gov. Code section 53601.6 to extend a local agency's authority to invest in securities issued by, or backed by, the United States government that could result in zero-interest accrual if held to maturity, to January 1, 2031.

Community Bank Investments

Valley Water supports small, local banks in the Bay Area and currently holds the following investments:

- $65 million in deposits, which are secured by the Federal Depository Insurance Corporation or collateralized by letters of credit from the Federal Home Loan Bank of San Francisco.
- Three separate letters of credit issued by San Jose-based Technology Credit Union totaling $841,000 to meet the U.S. Army Corps' financial assurance requirements for the operations of Upper Penitencia, Coyote Ridge, and Rancho Cañada de Pala Preserve watershed projects.

Socially Responsible Investing

At its August 11, 2020, meeting, the Board approved an update to Executive Limitation (EL) 4.7.7, incorporated into section 3.4 of the Investment Policy, to stipulate that Valley Water can only do

business with banks that have an environmental, social and governance (ESG) risk rating of average/medium or better from at least one professional ESG research company. Small and local banks/credit unions located within the nine Bay Area counties with total assets of $10 billion or less are exempt from this provision. Investments in banks and credit unions that are not exempt from this provision are compliant.

Investment Management Service Providers

The following systems are essential tools used by Valley Water staff to effectively manage, monitor, and report on Valley Water's $800 million investment portfolio in compliance with the Government Code and Investment Policy:

- SymPro Investment Management Software - this subscription-based software solution provides investment portfolio accounting, reporting, and analysis. It's used daily to track investments, interest earnings, and accounting activity, and is used in the preparation of weekly, monthly, and quarterly investment reports, which are posted as non-Board agenda items.
- Bloomberg Terminals - this subscription-based software platform is used by staff for real-time market data, analytics, news, and trading. Bloomberg Terminals is the industry standard, widely used by traders, portfolio managers, and analysts for data-driven decision-making and documentation. Trade-based information pulled from the platform for compliance and accounting purposes includes trade tickets, security descriptions, bond ratings, price/coupon/yield, cash flow analysis, and market comparison data.

SymPro's investment module has been used by Valley Water staff for nearly 30 years to track investments and generate reports that are submitted to the Board quarterly, as required by the Government Code. It's an important tool used to reconcile cash and investment accounting and to comply with the Government Code and Investment Policy regarding portfolio and maturity limits. The current annual cost for SymPro is $19,482.

Bloomberg terminals have been used by Treasury staff for over 14 years to assess financial markets and to communicate and execute trades with brokers in real time. Bloomberg is considered a crucial tool for executing fixed-income trades (e.g., US Treasuries/Agencies, municipal bonds, corporate bonds), which make up over 64% of Valley Water's investment portfolio. The current annual cost for the Bloomberg terminals is $54,900.

Board authorization to enter into sole source agreements with the service providers for a combined amount not to exceed $100,000 annually would ensure operational continuity, accommodate periodic cost increases, and maintain compliance with the Government Code, Investment Policy, and procurement policies.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:
Adoption of the resolution will ensure that Valley Water funds continue to be invested in accordance with the FY 206-27 Investment Policy. Estimated investment earnings of $19.5 million have been included in the Fiscal Year 2026-27 budget. The annual not-to-exceed amount of $100,000 for the Sympro and Bloomberg agreements has been incorporated into the FY 2026-27 budget for Treasury and Debt Management Unit Project No. 60221002 and is offset by portfolio investment earnings.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: Resolution
Attachment 2: FY 2026-27 Board Investment Policy

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-32

DELEGATING AUTHORITY TO DEPOSIT AND INVEST FUNDS TO THE TREASURER OR THEIR DESIGNEES

WHEREAS, the Board of Directors (Board) of the Santa Clara Valley Water District (Valley Water), in accordance with Executive Limitation 4.9, believes that public funds should be prudently invested or deposited consistent with applicable laws and the policies of the Board to produce revenue for Valley Water; and

WHEREAS, from time to time, there are Valley Water funds available for the purpose of investment or deposit; and

WHEREAS, the Board of Valley Water has, pursuant to the provisions of California Government Code Sections 53607 and 53608, determined to delegate to the Treasurer (Chief Financial Officer), or their designees (Treasury and Debt Officer), authority to invest or deposit such funds in accordance with the provisions of the Government Code; and

WHEREAS, it will be more convenient in the handling of said bonds or other securities so purchased that they be kept in safekeeping by said banks while they are the property of Valley Water.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Treasurer, or their designees, pursuant to California Government Code Sections 53607 and 53608, is hereby authorized to invest, deposit, or deposit for safekeeping, as far as possible, all money belonging to, or in the custody of, Valley Water pursuant to the Title 5, Division 2, Part 1, Chapter 4, Articles 1 and 2 of the Government Code, as amended from time to time and as directed by the policies of the Board.

BE IT FURTHER RESOLVED that the Treasurer, or their designees, be and are hereby authorized to invest in permissible investments, or to deposit in interest-bearing accounts with authorized financial institutions, funds in a sinking fund or funds of Valley Water from any of the various accounts of Valley Water when such funds will not be needed for the immediate necessities of Valley Water.

BE IT FURTHER RESOLVED that the resolution shall be effective for fiscal year 2026-27 and shall be reconsidered by the Board at a public meeting annually.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

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SANTA CLARA VALLEY WATER DISTRICT

BOARD INVESTMENT POLICY

July 1, 2026

VALLEY WATER BOARD OF DIRECTORS

John L. Varela	**District 1**	**Nai Hsueh**	**District 5**
Shiloh Ballard	**District 2**	**Tony Estremera, Chair**	**District 6**
Richard P. Santos	**District 3**	**Rebecca Eisenberg**	**District 7**
Jim Beall	**District 4**		

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SANTA CLARA VALLEY WATER DISTRICT
BOARD INVESTMENT POLICY

July 1, 2026

1.0 POLICY

It is the policy of Santa Clara Valley Water District (Valley Water) that public funds not needed for the immediate necessities of Valley Water should, to the extent reasonably possible, be prudently invested or deposited consistent with applicable law to produce revenue for Valley Water.

The Treasurer-Chief Financial Officer and their designee, the Treasury and Debt Officer, manage Valley Water's investment portfolio under the prudent investor standard, which states that:

> Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

2.0 SCOPE

The Investment Policy applies to Valley Water's pooled investment fund, which encompasses all monies under the direct oversight of the Treasurer. Included in the investment pool are the Valley Water General Fund, the Safe, Clean Water Fund, the Watershed Funds, the Water Utility Enterprise Fund, the Equipment Service Fund, the Risk Insurance Fund, and debt proceeds with special consideration given to specific provisions contained in the indentures for each issuance. The employees' retirement, other postemployment benefit, and deferred compensation funds are not included nor are the Guaranteed Investment Contracts or any other debt proceeds that are invested following instructions in the debt documents.

A glossary containing key terms used in this document is included in Exhibit A.

3.0 OBJECTIVES (REFERENCE: CA GOVT. CODE 53600.5)

Valley Water will invest funds under the prudent person standard as described in Section 1, and within the specific parameters of safety, liquidity, and yield, in order of highest to lowest priority:

3.1 Safety

Safety of principal is the foremost objective of the investment program. Investments of Valley Water will be undertaken in a manner that seeks to ensure the preservation of capital. Valley Water seeks to mitigate credit risk by requiring that all investments be in obligations whose senior long-term debt rating is rated by at least two of the three national rating agencies. The required ratings must be at least Aa3 by Moody's Investor Services, AA- by Standard & Poor's rating agency, or AA- by Fitch Ratings Service. This excludes funds placed with the Local Agency Investment Fund (LAIF), Joint Powers Authority, and Federal

Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) protected investments in banks or credit unions. In addition, Commercial Paper investments will also carry short-term ratings by at least two of the three national rating agencies of P-1 by Moody's Investor Services, A-1 by Standard & Poor's, or F-1 by Fitch. Risk related to adverse changes in interest rates is alleviated by maturity and instrument diversification. Please refer to Exhibit B for a summary of credit rating scales.

3.2 Liquidity

In order to ensure adequate liquidity, the average life of the investment portfolio of Valley Water shall be maintained at approximately two and one-half (2.5) years, but may be adjusted from time-to-time to meet ongoing cash flow needs of the portfolio.

3.3 Return on Investment

Valley Water's investment portfolio shall be designed with the objective of attaining the greatest yield to maturity consistent with the preservation of capital and the maintenance of adequate liquidity.

3.4 Socially Responsible Investment

In addition to the investment objectives of safety, liquidity, and yield, Valley Water encourages investing in corporate securities, banking institutions and state agencies that meet the ESG (Environmental, Social and Governance) factors.

Valley Water shall use best efforts to follow the ESG Guiding Principles and utilize the Investment Evaluation Scorecard to evaluate and approve such investments to ensure compliance with the ESG factors (Appendix 1).

3.4.1 The ESG factor shall include considerations for local California based businesses.

3.5 California Bank Investments

To the extent permitted by California Government Code, while meeting Valley Water's investment objectives for safety, liquidity and yield, Valley Water encourages investing in Certificates of Deposit issued by California based banks, up to the Federal Deposit Insurance Corporation limit at the time of such investment which is currently set at $250,000, and up to 30% of the portfolio, as amended.

3.5.1 Keeping investments to local banks, within the Bay Area, to keep money at home and jobs local; invest only in banks with below $10 billion in assets; and keep a minimum of 4% of liquid cash in banks with $10 billion in assets and 1% in banks with $2 billion in assets for a limit of 5 years (short term) at the discretion of the treasurer; such investments may be in the form of collateralized deposits, FDIC/NCUA insured CDs, CDARS, or any other legally allowable deposits.

4.0 DELEGATION OF INVESTMENT AUTHORITY

California Government Code Section 53607 provides the authority for the legislative body of the local agency to delegate for one-year periods to the Treasurer of the local agency the full responsibility to invest or reinvest local agency funds. Furthermore, Government Code Section 53608 requires the Board to delegate the authority to deposit funds for safekeeping with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank locate in any city designated as a reserve city by the Board of Governors of the Federal Reserve System.

4.1 Board of Directors

The Board of Directors delegates authority to the Treasurer-Chief Financial Officer who in turn has delegated such duties to the Treasury and Debt Officers (or any acting or interim of such position), to invest, or deposit for safekeeping, as far as possible, all money belonging to, or in the custody of, Valley Water pursuant to the Title 5, Division 2, Part 1, Chapter 4, Article 1 Investment of Surplus (53600 – 53610) and Article 2 Deposit of Funds (53630-53686) of the California Government Code ("Government Code") and as directed by the policies of the Board.

4.2 Treasurer

The Treasurer – Chief Financial Officer delegates the execution of daily investment transactions to the Treasury and Debt Officer. Under the direction of the Chief Financial Officer (CFO), the Treasury and Debt Officer will invest funds pursuant to the quarterly investment strategy approved by the Investment Committee and within the parameters established by the Investment Policy.

4.3 Treasury and Debt Officer

The CFO delegates the execution of daily investment transactions to the designated support staff when the Treasury and Debt Officer is absent.

4.4 Investment Committee

The Investment Committee meets once quarterly to review cash management performance and the Investment Policy and to map out the investment strategy for the coming quarter. The Investment Committee is comprised of the Treasurer/CFO, District Counsel or their designee, the Financial Services Unit Manager, the Treasury/Debt Officer, and treasury support staff, if any.

5.0 ETHICS AND CONFLICTS OF INTEREST

The Treasurer and any other Valley Water staff member or contract employee having influence over the investment decision process will refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions. Further, the Treasurer and any other Valley Water staff member or contract employee will refrain from making, participating in making, or in any way using their official position to influence a Valley Water investment decision in which they know or have reason to know they have a disqualifying conflict of interest as described in the Political Reform Act and the Fair

Political Practices Commission Guidelines implementing the Act.

6.0 AUTHORIZED FINANCIAL INTERMEDIARIES

The Treasury and Debt Officer will maintain a list of broker/dealers authorized to provide investment services. These may include primary dealers or regional dealers. All broker/dealers who desire to become qualified broker/dealers for investment transactions must participate in the Broker/Dealer selection process managed by the Treasury and Debt Officer that takes place at least once every three years. The participating broker/dealers must provide all the documentation, and complete all other requirements specified in the Broker/Dealers selection criteria.

Selection of broker/dealers authorized to engage in transactions with Valley Water shall be at the sole discretion of Valley Water. Minimum assets of the company will be $5 million. The Treasury and Debt Officer and CFO will conduct an annual review of the financial condition of qualified broker/dealers.

7.0 AUTHORIZED INVESTMENTS, MATURITIES, ISSUER AND PORTFOLIO LIMITS

Valley Water shall comply with Code[1], as amended from time to time, and invest in the authorized securities described in this section. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the remaining maturity, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five (5) years. The

five-year limitation may be waived provided that the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three (3) months prior to the investment.

For the most recent allowable investments per State Government Code guidelines as published by CDIAC (California Debt and Investment Advisory Commission), see Appendix 2.

7.1 U.S. Government

United States Treasury Bills, Notes, and Bonds or those obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

	Valley Water Policy	Government Code
Maturity Limit	5 years	5 years
Portfolio Limit	None Specified	None Specified
Issuer Limit	None Specified	None Specified
Minimum Credit Rating	See Section 3.1—Safety	None Specified

[1] Refer to California Debt and Investment Advisory Commission, for details regarding state law changes https://www.treasurer.ca.gov/cdiac/publications.asp

7.2 U.S. Agencies

Obligations issued by the following federal-related institutions and government-sponsored entities where the implied and moral support of the U.S. Government is pledged for the payment of principal and interest. They may be either bullet (non-callable) or callable issues:

Federal National Mortgage Association Federal Farm Credit Banks
Federal Home Loan Bank
Federal Agricultural Mortgage Corporation of America Federal Home Loan Mortgage Corporation Tennessee Valley Authority

	Valley Water Policy	Government Code
Maturity Limit	5 years	5 years
Portfolio Limit	None Specified	None Specified
Issuer Limit	None Specified	None Specified
Minimum Credit Rating	See Section 3.1—Safety	None Specified

7.3 Bankers Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, which are eligible for purchase by the Federal Reserve System.

	Valley Water Policy	Government Code
Maturity Limit	180 days	180 days
Portfolio Limit	40%	40%
Issuer Limit	4.8%	30%
Minimum Credit Rating	See Section 3.1—Safety	None Specified

7.4 Commercial Paper

Commercial Paper (CP) issued by corporations that are organized and operating within the United States and having total assets in excess of US $100 million.

Purchases of eligible Commercial Paper may not exceed 10 percent of the issuer's outstanding Commercial Paper program.

	Valley Water Policy	Government Code
Maturity Limit	90 days	397 days
Portfolio Limit	15%	40%*
Issuer Limit	1.8% (combined CP and medium-term notes of any single issuer)	10% (combined CP and medium-term notes of any single issuer)
Minimum Credit Rating (at least 2 ratings)	A-1 (short-term)/ AA- (long-term, if available) or equivalent	A-1 (short-term)/ A (long-term, if available) or equivalent

** On January 1, 2031 (if not extended further), the maximum percentage of the portfolio reverts to 25%.*

7.5 Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank.

	Valley Water Policy	Government Code
Maturity Limit	5 years	5 years
Portfolio Limit	30%	30%
Issuer Limit	3.6%	None Specified
Minimum Credit Rating (at least 2 ratings), or FDIC/NCUA insured	AA- (long-term) or equivalent	None Specified

7.6 Time/Non-Negotiable Certificates of Deposit

Per Section 53601.8 of the Government Code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits under certain conditions, including FDIC and NCUA insurance.

	Valley Water Policy	Government Code
Maturity Limit	5 years	5 years
Portfolio Limit	5%	None
Issuer Limit	Current FDIC/NCUA Insurance Limit ($250,000) and FDIC/NCUA membership	Current FDIC/NCUA Insurance Limit ($250,000) and FDIC/NCUA membership
Minimum Credit Rating	'Satisfactory' Community Reinvestment Act (CRA)	None Specified

7.7 Repurchase Agreements

Repurchase Agreements as defined by the purchase of securities (approved under Sections 1 and 2 of this document) by Valley Water pursuant to an agreement whereby the seller will repurchase the securities on a specified date at a specified price. Valley Water requires delivery of the purchased securities to Valley Water's custody bank via book-entry prior to payment for such securities. All Repurchase Agreements will operate under the industry-standard Public Securities Association Master Repurchase Agreement which must be executed prior to the transaction. Valley Water requires that purchased securities exceed the cash value of the transaction by a minimum of 2 percent to protect against adverse price movements. All collateral relating to outstanding repurchase agreements will be priced daily to ensure the maintenance of 102 percent collateralization. Collateral is limited to those securities listed in Section 7.1 and 7.2.

	Valley Water Policy	Government Code
Maturity Limit	30 days	1 year
Portfolio Limit	None Specified	None Specified
Issuer Limit	None Specified	None Specified
Minimum Credit Rating	See Section 3.1—Safety	None Specified

7.8 Medium-Term Notes

Corporate Medium-Term Notes issued by corporations organized and operating in the United States or by depository institutions licensed by the United States and operating within the United States.

	Valley Water Policy	Government Code
Maturity Limit	5 years	5 years
Portfolio Limit	15%	30%
Issuer Limit	1.8% (combined CP and medium-term notes of any single issuer)	10% (combined CP and medium-term notes of any single issuer)
Minimum Credit Rating (at least 2 ratings)	AA- (long-term) or equivalent	A or equivalent

7.9 Municipal Obligations

Municipal obligations issued by a municipality within the State of California, including obligations payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency. This may include Bonds, notes, warrants, or other evidence of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Registered treasury notes or bonds of the State of California or any of the other 49 states, including bonds payable solely out of the revenues from a revenue producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.

	Valley Water Policy	Government Code
Maturity Limit	5 years	5 years
Portfolio Limit	15%	None Specified
Issuer Limit	1.8%	None Specified
Minimum Credit Rating (at least 2 ratings)	AA- or equivalent	None Specified

7.10 Local Agency Investment Fund (LAIF)

Valley Water may place funds with LAIF up to the maximum allowable amount as stipulated by LAIF and amended from time to time. LAIF is managed by the State of California Treasurer's Office with the objective of realizing the maximum return consistent with safe and prudent treasury management. Currently LAIF will accept no more than $75 million of an agency's unrestricted funds while placing no constraints on funds relating to unspent bond proceeds.

7.11 Mutual Funds

Mutual funds invested in U.S. Government securities which strive to maintain a price of $1.00 per share (Government money market funds) with a minimum of $500 million in total portfolio value and a rating by at least two rating agencies of Aaa by Moody's and AAA by Standard & Poor's or Fitch. Investment in such funds shall not exceed 10% of Valley Water's total portfolio book value.

	Valley Water Policy	Government Code
Maturity Limit	Not Applicable	Not Applicable
Portfolio Limit	10%	20%
Issuer Limit	10%	10%
Minimum Credit Rating (at least 2 ratings)	Aaa/AAA	Aaa/AAA

7.12 Supranational Obligations

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by two or more national credit rating agencies and shall not exceed 15 percent of Valley Water's total portfolio book value.

	Valley Water Policy	Government Code
Maturity Limit	5 Years	5 Years
Portfolio Limit	15%	30%
Issuer Limit	1.8%	--
Minimum Credit Rating (at least 2 ratings)	Aa/AA	Aa/AA

7.13 Joint Powers Authority Pool

Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive (e.g. California Asset Management Program or CAMP, or CalTrust). Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority, and must retain an investment advisor who is registered (or exempt from registration) with the United States Securities and Exchange Commission (SEC), has assets under management in excess of $500 million, and has at least five years' experience investment in instruments authorized by Section 53601, subdivisions (a) to (q), inclusive.

	Valley Water Policy	Government Code
Maturity Limit	N/A	N/A
Portfolio Limit	15%	None
Issuer Limit	15%	None
Minimum Credit Rating (at least 2 ratings)	N/A	N/A

7.14 Prohibited Investments

7.14.1 Prohibited Investments

Prohibited investments include securities not listed in this section 7, as well as inverse floaters, range notes, interest only strips derived from a pool of mortgages and any security that could result in zero interest accrual if held to maturity, as specified in Section 53601.6 of the California Government Code, with the following exception:

Beginning January 1, 2021, until January 1, 2031, investments are authorized in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates.

7.14.2 Climate Divestment Investment Restriction

No investments will be made in the top 200 fossil fuel companies that control most of the world's oil, coal and natural gas supplies.

7.14.3 Prohibited Banks

No investments will be made in any banks who do not have an Environmental, Social, and Governance (ESG) ranking at or better than the "Average/Medium" category, by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine Bay Area counties with total assets at or below $10 billion are exempt from this provision.

7.15 Investment Sales Prior to Maturity

While the overall investment management philosophy of the portfolio is based on a passive approach focusing on matching investment maturities with anticipated liabilities in the future, sales of outstanding investment positions prior to maturity are permitted so long as a yield enhancement on the total transaction is achieved. Specifically, the reinvestment proceeds from the sale of an investment position must earn an income flow whose present value is greater than the present value of the sold position considering any capital losses and foregone interest income. In addition, investment positions may be sold if funds are needed for unanticipated expenditures, or if a corporate and bank obligation is downgraded (see section 7.16 below).

Before an investment position can be sold, an analysis must be made showing the benefit of the sale to Valley Water and the impact the sale will have on the investment portfolio. The sales must be reviewed by Valley Water's Investment Committee. A sale will only be initiated after receiving guidance from the committee members and authorization by the Treasurer.

7.16 Downgrade Provisions

Pursuant to Valley Water's investment policy, the minimum credit criteria for the purchase of municipal, corporate and bank obligations is a rating by two of the three major rating agencies of Aa3 by Moody's Investor Services, AA- by Standard & Poor's Credit Rating Agency and Fitch at the time the investment is purchased. If an outstanding investment is downgraded such that it is below the minimum credit criteria after purchase date, a credit analysis will be performed within two business days and a recommendation made to the Investment Committee on whether the investment will be held or sold. Such a review will give consideration to the time to maturity remaining on the life of the security, specific discussions with Fitch, Standard & Poor's and/or Moody's Investor Services, and credit analysis by staff.

7.17 Dropped Rating

Pursuant to Valley Water's investment policy, the minimum credit criteria for the purchase of municipal, corporate and bank obligations is a rating by two of the three major rating agencies of Aa3 by Moody's Investor Services and AA- by Standard & Poor's Credit Rating Agency, and Fitch at the time the investment is purchased. If the rating on an outstanding investment is no longer reported by the rating agency for any reason, and the other rating(s) remain the same as at the time of purchase, the investment will remain in the portfolio. If the other rating(s) are downgraded, section 7.15 downgrade provisions will be followed. An analysis of the dropped rating will be initiated to determine the cause of dropped rating, and the findings will be reported to the investment committee within two business days.

8.0 COLLATERAL

As required by Government Code Section 53652, all deposits must be secured at all times with eligible securities pursuant to Government Code Sections 53656 and 53657. Valley Water further restricts collateralization as follows:

8.1 Repurchase Agreements

All transactions will be collateralized only by Government and Agency securities defined in Sections 7.1 and 7.2 of the Investment Policy at a level equal to, or greater than, 102 percent of the principal cash value of the investment principal. All transactions will be executed on a delivery versus payment basis and will be safekept by Valley Water's Custodial Agent. All collateral on outstanding repurchase agreements will be priced daily.

8.2 Time Certificates of Deposits

Pursuant to Government Code Section 53653, a Treasurer may, at their discretion, waive security requirements for such portion of deposits that are insured pursuant to federal law, investments in Time CDs may not exceed the current FDIC protected amount. As such, the Treasurer waives the security required by Government Code Section 53652 as long as the depository maintains FDIC insurance for public deposits.

8.3 Placement Service Certificates of Deposit

Effective January 1, 2020, no more than 50% of Valley Water's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2031, the maximum percentage of the portfolio reverts to 30%. An example of the placement service is the Certificate of Deposit Account Registry Service (CDARS) program.

8.4 Uninvested Balances

From time to time, Valley Water may leave funds uninvested in its checking account in order to meet anticipated disbursements. Valley Water requires that the depository holding such funds be fully collateralized pursuant to Government Code Section 53652. Eligible securities held as collateral shall have a market value in excess of the total amount of all deposits of a depository as follows:

- Government securities at least 10 percent in excess
- Mortgage backed securities at least 50 percent in excess
- Letters of credit at least 5 percent in excess

9.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by Valley Water will be executed on a delivery versus payment basis and evidenced by safekeeping receipts from Valley Water's custodial agent. The only exception will be investments with the LAIF, non-negotiable Time CDs, and money market accounts.

10.0 DIVERSIFICATION

In an effort to reduce portfolio risk and volatility while maintaining market average rates, Valley Water will diversify its investments with respect to instrument type, issuer, and maturity.

10.1 Instrument Type

To diversify Valley Water's portfolio by type, it should contain a variety of authorized investment instruments. California Government Code Sections 53601 et seq. and 53635 et seq. limit the maximum amount of some of the authorized investment instruments as a percentage of the total investment portfolio. Valley Water has added additional percentage restrictions on some of the instruments as outlined in section 7 above.

10.2 Maximum Maturities

California Government Code Sections 53601 et seq. and 53635 et seq. state that except as specifically limited in the code sections, no investment shall be made in a security that at the time of investment has more than five (5) years to maturity, unless the Board has given express authority to do so no less than three months prior to the purchase of such security. Valley Water has further limited the maximum maturities on some investment securities as outlined in Section 7 above. LAIF and authorized mutual funds have no specific maturity date and are, therefore, exempt from the five-year limit.

Effective January 2023, Chapter 427, Statutes of 2022 (SB 1489), the *Local Government Omnibus Act*, amended Government Code sections related to the investment of surplus funds by county treasurers. This bill amended Government Code Section 53601 to clarify that a public agency investment's term or remaining maturity is to be measured from the settlement date to final maturity. In addition, this code section was amended to prohibit the purchase of a security with a forward settlement date exceeding 45 days from the time of investment.

10.3 Maximum Issuer Limits

There is no maximum issuer limit for U.S. Treasury obligations, permitted Federal Agency obligations, LAIF, and collateralized Repurchase Agreements outlined in Section 7 above. For all other investment instruments, certain maximum issuer limits are applicable as outlined in section 7 above. Furthermore, as stipulated in Section 7.6 above, no more than the amount insured by the FDIC, which is currently $250,000 per account, may be invested in Time/Non-Negotiable Certificates of Deposit.

11.0 INTERNAL CONTROLS/REVIEW OF INVESTMENT PORTFOLIO

A system of internal controls will be maintained to ensure compliance with Section 7.0 Authorized Investments, Maturities, Issuer and Portfolio Limits and other federal and state regulations in addition to ensuring prudent cash management and proper segregation of duties.

11.1 Investment Committee

Quarterly review of cash management activity and compliance to the Investment Policy is performed by the Investment Committee through a review of investment status reports supplied to the Investment Committee by the Treasury and Debt Officer.

11.2 Treasurer Review

The CFO or their designee shall perform daily, weekly and monthly reviews of investment transactions executed by the Treasury and Debt Officer to ensure compliance to all applicable regulations, policies, procedures, and guidelines. In the CFO's absence, the Treasury and Debt Officer will perform the review.

11.3 Annual Audit

Valley Water's portfolio is included in the annual review of Valley Water's financial management program by an independent outside audit firm.

11.4 Investment Policy Compliance Checklist

On a monthly basis, accounting staff reviews the investment portfolio to verify its compliance with the Government Code and the Investment Policy. A report is prepared stating that the portfolio is in compliance, or which items are out of compliance.

12.0 PERFORMANCE REPORTING

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into careful consideration Valley Water's risk tolerance and liquidity requirements.

12.1 The Benchmark

Valley Water will strive to maintain a yield within 15 basis points (0.15%) of the 2-year floating average of the twenty-four month Treasury-note rate.

13.0 REPORTING

The Treasurer will ensure that investment reporting is performed in order to provide a monitoring system designed to demonstrate compliance to all applicable laws, policies, procedures, and guidelines.

13.1 Weekly Reports

The Treasury and Debt Officer will provide daily reports of Valley Water's cash position and detailed reports of the investment transactions in the portfolio on a weekly basis to the CFO. This report shall include a list of all purchases, sells, exchanges and maturities for the week being reported.

13.2 Monthly Reports

The Treasury and Debt Officer will provide detailed reports of the investment transactions in the portfolio on a monthly basis to the Board of Directors as required by California Government Code Section 53607. This report shall include a list of all purchases, sells, exchanges and maturities for the month being reported.

13.3 Quarterly Reports

The Treasurer will provide detailed investment reports of the portfolio on a quarterly basis to the Board of Directors pursuant to California Government Code Section 53646. This report shall include type of investment, issuer, date of maturity, par, dollar amount, and market value including source of the valuation. In addition, this report shall also include a statement denoting the ability to meet the agency's expenditure requirements for the next six (6) months. The quarterly report will also include information on all debt funds held by the trustee, in guaranteed investment contracts (GIC), or with any other agent of Valley Water. This report will be presented to the Investment Committee members in a quarterly meeting.

Effective January 2023, a provision of Chapter 427, Statutes of 2022 (SB 1489) amended Government Code Section 53464(b)(1) to increase the timeline that the treasurer or chief fiscal officer has for presenting a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency by 15 days, from 30- to 45 days following the end of the quarter.

13.4 Annual Report

The Investment Policy will be presented to the Board at a public meeting on an annual basis.

14.0 STATEMENT OF DERIVATIVES INVESTMENT GUIDELINE

Valley Water will not invest funds in derivative products based on the following definition of a derivative:

A derivative is a security or a financial arrangement whose value is linked to, or derived from, some underlying index or benchmark. Such examples are floating rate notes whose interest payments may fluctuate in an inverse or a linear relationship to the established benchmark and interest rate swaps. Furthermore, Valley Water will not place funds in securities whose coupons rise or fall based on whether the issuer exercises the call option. This does not include repurchase agreements which are specifically authorized under Section 7.7 of the Investment Policy.

15.0 OTHER PROCEDURES

Valley Water treasury group has compiled an Investment Manual, approved by the Valley Water Investment Committee, which consolidates pertinent procedures related to the cash management function in a single reference manual. Included in this manual is a step-by-step description of the investment process and how investments are identified, chosen, executed, and recorded. Section 2 of this manual gives detailed instructions on completing the daily cash analysis; Section 3 explains preparation procedures for planning to invest; Section 4 details the types of authorized investments; Section 5 explains the process by which the chosen investment transaction is executed and includes delivery and safekeeping instructions; Section 6 lists the accounting procedures for investments; and Section 7 details internal control procedures. Also included in the appendix is a summary of government legislation pertaining to government investing, the Valley Water Investment Policy, and a glossary of key terms.

APPENDIX 1
ENVIRONMENTAL, SOCIAL, GOVERNANCE FACTORS

GUIDING PRINCIPLES

When evaluating potential investments in corporate and financial institution securities, the Investment Committee shall follow the guiding principles:

Negative Screens

No investments shall be made in companies significantly involved in the production or sale of fossil fuels, tobacco, and other products that are environmentally harmful.

Furthermore, to the extent possible while maintaining adequate safety, liquidity and yield of the portfolio, no investments shall be made in companies with a demonstrated record of the following:

- poor practices with respect to environmental regulation, greenhouse gas emissions, toxins, hazardous waste or environment justice
- human rights abuse, violations of international law, and/or materially or otherwise supporting repressive regimes
- endangering rural people's access to the land, water and other resources on which their livelihoods depend
- violating labor laws, abusing or otherwise mistreating workers and/or preventing or impeding unionization
- discrimination based on sexual orientation, gender, race, ethnicity, age or disability
- practices which have significant negative effects on affected communities, particularly those with minority or low-income residents
- restriction of access to affordable medicine in the developing world

Positive Screens

To the extent possible while maintaining adequate safety, liquidity and yield of the portfolio, investments shall be made in companies involved in the production of renewable energy and organic food, local food and sustainable agriculture and generally, invest in companies and investments that demonstrate commitment to:

- environmental sustainability, including reducing greenhouse gas emissions and sustainable forestry
- community development and/or investment, particularly in communities with minority or low-income residents
- diversity in hiring, executives and boards with respect to sexual orientation, gender, race, ethnicity
- living wages for all employees and collective bargaining
- transparency and accountability in corporate governance

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) FACTORS

ENVIRONMENTAL	
Category	**Considerations**
Climate Change & Pollution	Does the company have a stated commitment to emissions reduction? What is the firm doing to combat climate change? Does the firm participate in carbon crediting/offset programs? Has the company been cited for excessive pollution? Does the company have an emissions reduction program?
Energy Efficiency & Waste Management	Has the firm employed energy efficient design or retrofits in its buildings? Does the firm participate in E-Waste recycling programs? Do the operations require heavy use of chemicals?
Water Use & Management	Where does the company get its water? Have they installed smart filling stations and efficient fixtures? Does the company operate in water-stressed areas?
Land Use & Management	Are company facilities designed to minimize damage to the surrounding habitat? Does the company actively participate in greening or reforestation efforts? Does the company encourage alternative methods of transportation to and from work; if so, does building design facilitate these methods?
SOCIAL	
Category	**Considerations**
Stakeholder Relations	Are customers treated as key stakeholders in the company? Do minority shareholders have an outlet to voice opinions regarding company operations? Are fair labor standards enforced? Do workers have representation in order to bring concerns to management?
Value Chain Management	Does the firm's supply chain reflect adequate working conditions and respect for human rights? Does the company hold suppliers to stated ethical and moral standards? Does the company have any outstanding litigation over its products; are the products generally safe? Are suppliers practicing sustainable production methods?
Community Impact	Is the firm engaged with local non-profits to combat social issues in the community? Does the company donate a share of profits to advocate for impact issues? Does the company make an effort to hire and promote employees from the surrounding community?
Local/California Business?	In what city is the firm located? Is the business located in the San Jose-San Francisco Metropolitan Statistical Area? Is the business located in California?

CORPORATE GOVERNANCE	
Category	**Considerations**
Diversity	Are the workplace and board comprised of people from diverse backgrounds and ethnicities? Does the board have a roughly equal number of men and women?
Compensation	What is the ratio of executive pay to worker pay? Is executive compensation based on identifiable metrics? Are employees receiving equal pay for equal work?
Accountability & Audit Quality	Does the company employ a large number of special purpose vehicles and other off-balance sheet entities? Does the audit clearly stake risks to which the firm is exposed?
Cyber/Information Security	Does the company have a stated cyber/information security policy? Has the company been hacked in the last 3 years? What corrections/improvements have been made to prevent future hacks?
Transparency	Are internal discussions about the company kept hidden, or does the company routinely publish information for public consumption? Are the firm's financials easily understood? Is the firm readily accessible and do they respond to requests for comment?

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APPENDIX 2
ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2026)[A] APPLICABLE TO ALL LOCAL AGENCIES[B]

INVESTMENT TYPE	MAXIMUM MATURITY[C]	MAXIMUM SPECIFIED % OF PORTFOLIO[D]	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%[E]	None	53601(g)
Commercial Paper—Non-Pooled Funds[F] (under $100,000,000 of investments)	397 days or less	25%[G]	Highest letter and number rating by an NRSRO[H]	53601(h)
Commercial Paper—Non-Pooled Funds[F] (min. $100,000,000 of investments)	397 days or less	40%[G]	Highest letter and number rating by an NRSRO[H]	53601(h)
Commercial Paper— Pooled Funds[I]	397 days or less	40%[J]	Highest letter and number rating by an NRSRO[H]	53635(a)
Negotiable Certificates of Deposit	5 years	30%[K]	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50%[L]	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50%[L]	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days[M]	20% of the base value of the portfolio	None[N]	53601(j)
Medium-Term Notes[O]	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%[P]	Multiple[Q, R]	53601(l) and 53601.6(b)
Collateralized Bank Deposits[S]	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass–Through and Asset–Backed Securities[T]	5 years or less[T]	20%	"AA" rating category or its equivalent or better[T]	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple[U]	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund[V]	N/A	None	None	16340
Supranational Obligations[W]	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

[A] Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.

[B] Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.

[C] Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

[D] Percentages apply to all portfolio investments regard- less of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.

[E] No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.

[F] Applies to local agencies, other than counties or a city and county, that are a city, a district, or other local agency that do not pool money in deposits or investments with other local agencies other than local agencies that have the same governing body (non-pooled).

[G] Local agencies, described in footnote F (non-pooled), may invest no more than 10% of their investment as- sets in the commercial paper and medium-term notes of any single issuer.

[H] Issuing entity must be organized and operating within the U.S. as a general corporation, have as- sets in excess of $500 million, and have debt other than commercial paper, if any, rated by a NRSRO in a rating category of "A" or its equivalent or higher; or the issuing entity must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

[I] Includes the City of Los Angeles and agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body (pooled).

[J] Local agencies, described in footnote I (pooled), may invest no more than 10% of their investment assets in the commercial paper of any single issuer.

[K] No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).

[L] Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2031, the maximum percentage of the portfolio reverts back to 30%. In- vestments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.

[M] Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a mini- mum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.

[N] Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.

[O] "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."

[P] No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.

[Q] A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 mil- lion, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.

[R] A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of $500 million.

[S] Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.

[T] Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).

[U] A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).

[V] Local entities can deposit between $200 million and $10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.

[W] Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

EXHIBIT A
GLOSSARY OF KEY TERMS

Listed below are commonly used financial terms. For a more comprehensive Glossary, please review the Municipal Securities Rulemaking Board (MSRB) Glossary of Municipal Securities Terms (https://www.msrb.org/sites/default/files/2022-08/MSRB-Glossary-of-Municipal-Securities-Terms-Third_Edition-August-2013.pdf)

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report of the Valley Water. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINTS: Refers to the yield on bonds. Each percentage point of yield in bonds equals 100 basis points (1/100% or 0.01%). If a bond yield changes from 7.25% to 7.39%, that is a rate of 14 basis points.

BONDS: A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BOND PROCEEDS: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BOOK VALUE: The value at which a security is carried on the financial records of its owner. This value may be the original cost of acquisition of the security or original cost adjusted by amortization of a premium or accretion of a discount. The book value may differ from the security's current market value.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

BULLET: A bullet bond is a non-callable bond in which the principal is repaid as a lump sum when the bond matures.

CALL OPTION: The terms of the bond contract giving the issuer the right to redeem or call an outstanding issue of bonds prior to its stated date of maturity.

CALLABLE: An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

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

CERTIFICATE OF DEPOSIT (CD): A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to public agency investing include:

> *Negotiable Certificates of Deposit-* Generally, short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by FDIC up to $250,000, but they are not collateralized beyond that amount.
>
> *Non-Negotiable/Time Certificates of Deposit-* CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to the amount of $250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities including Treasuries or agency securities such as those issued by the Federal National Mortgage Association.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from 1 to 270 days.

CORPORATE NOTES AND BONDS: Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor; or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after its sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, *e.g.,* U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g.*, S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States.

Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES: Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

PORTFOLIO: Collection of securities held by an investor.

NATIONAL CREDIT UNION ADMINISTRATION (NCIA): An independent federal agency that insures credit union deposits, currently up to $250,000 per deposit.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT INVESTOR STANDARD: A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FHLMC, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONALS: A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is the International Bank for Reconstruction and Development (IBRD or World Bank), International Finance Corporation (IFC) and Inter-American Development Bank (IADB).

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of Indebtedness to Liquid Capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness is defined as all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid Capital is defined as cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

EXHIBIT B
CREDIT RATING SUMMARY

SHORT-TERM CREDIT RATING DEFINITIONS

Moody's Rating	Moody's Definition	S&P Rating	S&P Definition	Fitch Rating	Fitch Ratings Definition
P-1	P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.	**SP-1**	Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.	**F1**	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.
MIG-1	MIG-1—This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.	**A-1**	Degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted by a plus (+) sign.		
VMIG-1	VMIG-1—This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.				
P-2	P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.	**SP-2**	Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.	**F2**	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
MIG-2	MIG-2—This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.	**A-2**	Capacity for timely payment on issues with this designation is satisfactory. However, the relative degree of safety is not as high as for issues designated 'A-1.'		
VMIG-2	VMIG-2—This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.				

Moody's Rating	Moody's Definition	S&P Rating	S&P Definition	Fitch Rating	Fitch Ratings Definition
P-3	P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.	**SP-3**	Speculative capacity to pay principal and interest.	**F3**	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to noninvestment grade.
MIG-3	MIG-3—This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.	**A-3**	Issues carrying this designation have an adequate capacity for timely payment. However, they are more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designations.		
VMIG-3	VMIG-3—This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.				
NP	Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.	**B**	Only speculative capacity for timely payment.	**B**	Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
Speculative Grade (SG)	MIG-SG S This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.				
	VMIG-SG This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.				

Moody's Rating	Moody's Definition	S&P Rating	S&P Definition	Fitch Rating	Fitch Ratings Definition
		C	Doubtful capacity for payment.	**C**	High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.
		D	Default.	**D**	Default. Denotes actual or imminent payment default.

LONG-TERM CREDIT RATINGS

Moody's Rating	Moody's Definition	S&P Rating	S&P Definition	Fitch Rating	Fitch Ratings Definition
Aaa1 **Aaa2** **Aaa3**	Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.	**AAA+** **AAA** **AAA-**	An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.	**AAA+** **AAA** **AAA-**	**Highest credit quality**. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
Aa1 **Aa2** **Aa3**	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	**AA+** **AA** **AA-**	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.	**AA+** **AA** **AA-**	**Very high credit quality**. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A1 **A2** **A3**	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.	**A+** **A** **A-**	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.	**A+** **A** **A-**	**High credit quality**. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
Baa1 **Baa2** **Baa3**	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.	**BBB+** **BBB** **BBB-**	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.	**BBB+** **BBB** **BBB-**	**Good credit quality**. 'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Moody's Rating	Moody's Definition	S&P Rating	S&P Definition	Fitch Rating	Fitch Ratings Definition
Ba1 **Ba2** **Ba3**	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.	**BB+** **BB** **BB-**	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.	**BB+** **BB** **BB-**	**Speculative**. 'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B1 **B2** **B3**	Obligations rated B are considered speculative and are subject to high credit risk.	**B+** **B** **B-**	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB,' but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.	**B+** **B** **B-**	**Highly speculative**. 'B' ratings indicate that material credit risk is present.
Caa1 **Caa2** **Caa3**	Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.	**CCC+** **CCC** **CCC-**	An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.	**CCC+** **CCC** **CCC-**	**Substantial credit risk**. 'CCC' ratings indicate that substantial credit risk is present.
Ca1 **Ca2** **Ca3**	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.	**CC+** **CC** **CC-**	An obligation rated 'CC' is currently highly vulnerable to nonpayment.	**CC+** **CC** **CC-**	**Very high levels of credit risk**. 'CC' ratings indicate very high levels of credit risk

Moody's Rating	Moody's Definition	S&P Rating	S&P Definition	Fitch Rating	Fitch Ratings Definition
C1 **C2** **C3**	Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.	**C+** **C** **C-**	A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. Among others, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been suspended in accordance with the instrument's terms or when preferred stock is the subject of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.	**C+** **C** **C-**	**Exceptionally high levels of credit risk**. 'C' indicates exceptionally high levels of credit risk.
		D+ **D** **D-**	An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on an obligation are jeopardized. An obligation's rating is lowered to 'D' upon completion of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.	**D**	**Default**. Indicates a default. Default generally is defined as one of the following: • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The distressed exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation to avoid a probable payment default.

Santa Clara Valley Water District

File No.: 26-0366

Agenda Date: 5/12/2026
Item No.: 4.2.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Proclaiming May 17-23, 2026 as National Public Works Week.

RECOMMENDATION:
Adopt the Resolution PROCLAIMING MAY 17-23, 2026, AS NATIONAL PUBLIC WORKS WEEK.

SUMMARY:
Santa Clara Valley Water District (Valley Water) has been a participating member of the American Public Works Association (APWA) for over 40 years. Valley Water staff and retirees have served on the board of the local APWA South Bay Area Chapter and have volunteered their time in support of APWA activities.

Instituted as a public education campaign by APWA in 1960, National Public Works Week calls attention to the importance of public works in community life. It celebrates the tens of thousands of public service professionals across North America who provide and maintain the infrastructure and services collectively known as public works.

APWA is encouraging all member agencies to designate May 17-23, 2026, as National Public Works Week. "Rooted in Service, Powered by Community" is the theme of this year's campaign. APWA National encourages all chapters to highlight the importance of public works to the well-being of our communities. Valley Water has supported this effort by issuing an annual proclamation recognizing National Public Works Week for the past decade. This proclamation presents an opportunity for Valley Water to support APWA's mission and raise awareness of the essential role public works plays in our quality of life.

Attachment 1 is the proposed Board resolution supporting the proclamation. Attachment 2 includes the APWA poster for this year's theme.

ENVIRONMENTAL JUSTICE IMPACT:
There are no environmental justice impacts associated with this item.

FINANCIAL IMPACT:
There is no financial impact associated with this item.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: Resolution
Attachment 2: Poster

UNCLASSIFIED MANAGER:
Rita Chan, 408-630-2620

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-33

PROCLAIMING MAY 17–23, 2026, AS NATIONAL PUBLIC WORKS WEEK

WHEREAS, public works services provided in our community are an integral part of our citizens' everyday lives and support their quality of life; and

WHEREAS, the support of an understanding and informed populace is vital to the efficient operation of public works systems and programs such as water supply, flood management, and stream stewardship; and

WHEREAS, the health, safety, and comfort of this community greatly depend on these facilities and services; and

WHEREAS, the quality and effectiveness of these facilities, as well as their planning, design, construction, operation, and maintenance, are vitally dependent on the efforts and skills of public works personnel; and

WHEREAS, the efficiency of the qualified and dedicated personnel who deliver public works projects and services is materially influenced by the public's attitude and understanding of the importance of the work they perform.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District (Valley Water) hereby proclaims the week of May 17–23, 2026, as National Public Works Week at Valley Water, and calls upon all community members and civic organizations to acquaint themselves with the efforts involved in providing public works, and to recognize the contributions that public works officials make every day to ensure our health, safety, comfort, and quality of life.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
CANDICE KWOK-SMITH
Clerk, Board of Directors

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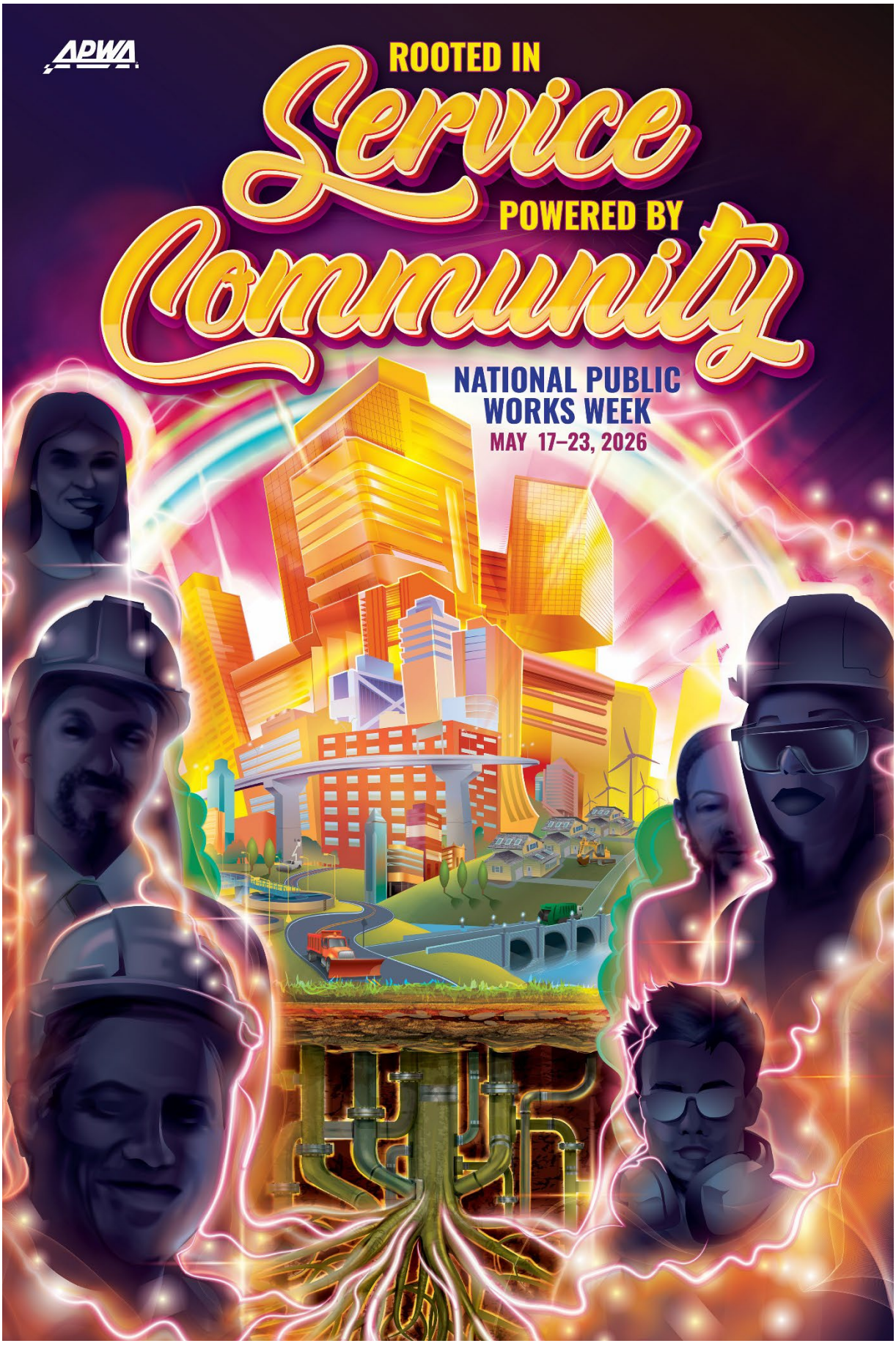
APWA
ROOTED IN
Service
POWERED BY
Community
NATIONAL PUBLIC
WORKS WEEK
MAY 17–23, 2026

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Santa Clara Valley Water District

File No.: 26-0434

Agenda Date: 5/12/2026
Item No.: 4.3.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Declaring May 16, 2026, as National River Cleanup Day in Santa Clara County.

RECOMMENDATION:
Adopt the Resolution DECLARING MAY 16, 2026, AS NATIONAL RIVER CLEANUP DAY IN SANTA CLARA COUNTY.

SUMMARY:
Trash in and along creeks and waterways significantly impacts stream water quality and contributes to potential flood risks in Santa Clara County. Santa Clara Valley Water District's (Valley Water) Creek Stewardship Program allows community members to take an active role in protecting our local waterways through volunteerism. The Creek Stewardship Program provides cleanup opportunities through the year-round Adopt-A-Creek Program and single-day countywide creek cleanup events.

To implement the countywide creek cleanups, Valley Water participates in a consortium of Santa Clara County public agencies, known as the Creek Connections Action Group (CCAG), which was established in 1995. In addition to Valley Water, members of the CCAG include the cities of San Jose, Milpitas, Palo Alto, Los Altos, Gilroy, Morgan Hill, Cupertino, Mountain View, Sunnyvale, and Santa Clara, as well as Santa Clara County Parks and Recreation Department and the West Valley Stormwater Program Authority. Valley Water serves as the Chair and provides countywide coordination, outreach, and cleanup supplies for volunteers, such as gloves, trash bags, and litter sticks. In 2025, the CCAG coordinated two (2) countywide cleanup events that leveraged roughly 8,000 total volunteer hours to remove approximately 48,000 pounds of litter from over 146 miles of waterways and natural spaces in Santa Clara County.

The first National River Cleanup Day in Santa Clara County was organized by the CCAG in 1995. National River Cleanup Day continues to serve as an opportunity to partner with local cities, nonprofits, and community groups to raise awareness about pollution prevention and organize volunteers to remove trash from the County's waterways. This year, Valley Water and the CCAG will encourage the community to participate in organized group cleanups throughout Santa Clara County. Valley Water and the CCAG will host a training and supply pick-up for group organizers.

The Creek Stewardship Program, including National River Cleanup Day activities, is partially funded by the Safe, Clean Water and Natural Flood Protection Program's Project B4, which supports Volunteer Cleanup Activities, approved by voters in November 2020.

ENVIRONMENTAL JUSTICE IMPACT:
Adoption of this resolution declaring May 16 as National River Cleanup Day in Santa Clara County is not subject to environmental justice analysis because it is unlikely to result in impacts to human health or the environment. However, National River Cleanup Day addresses environmental stewardship by providing creek cleanups throughout Santa Clara County, including in disadvantaged communities. Community outreach efforts for National River Cleanup Day were made in multiple languages to engage and include constituents with Limited English Proficiency. This included newspaper ads in Spanish, Vietnamese, and Chinese.

FINANCIAL IMPACT:
The Creek Stewardship Project, Project No. 00061019, is included in the FY 2025-26 Adopted Budget. There are adequate funds in the Project's budget to support this event; no additional funding is being requested.

CEQA:
The recommended action is exempt from CEQA under CEQA Guidelines Section 15301 (Existing Facilities). Valley Water prepared a Notice of Exemption covering various creek clean-up activities within Valley Water right-of-way, filed with the Santa Clara County Clerk-Recorder's Office on March 16, 2022.

ATTACHMENTS:
Attachment 1: Resolution

UNCLASSIFIED MANAGER:
Rachael Gibson, (408) 630-2884

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-34

DECLARING MAY 16, 2026, AS NATIONAL RIVER CLEANUP DAY IN SANTA CLARA COUNTY

WHEREAS, National River Cleanup is a nationwide cleanup initiative focused on protecting creeks, lakes, and rivers. Valley Water will be encouraging the community to participate in organized group cleanups throughout Santa Clara County; and

WHEREAS, it is the mission of Valley Water to provide Silicon Valley with safe, clean water for a healthy life, environment, and economy; and

WHEREAS, the Creek Connections Action Group, which includes Valley Water, the cities of San Jose, Milpitas, Palo Alto, Los Altos, Gilroy, Morgan Hill, Cupertino, Mountain View, Sunnyvale, and Santa Clara, as well as Santa Clara County Parks and Recreation Department and the West Valley Stormwater Program Authority, is hosting National River Cleanup Day on May 16, 2026, from 9:00 a.m. to noon at various locations throughout Santa Clara County and will be encouraging community members to participate in organized creek cleanup events; and

WHEREAS, hundreds of Santa Clara County volunteers dedicate their time each year to participate in this event and pick up thousands of pounds of trash and debris from local waterways; and

WHEREAS, on National River Cleanup Day 2025, 778 volunteers picked up nearly 17,500 pounds of trash in Santa Clara County; and

WHEREAS, Valley Water will undertake public outreach to local agencies and media outlets to encourage Santa Clara County residents to volunteer for this year's National River Cleanup Day.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District hereby declares May 16, 2026, as National River Cleanup Day in Santa Clara County.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____
TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____
Candice Kwok-Smith
Clerk, Board of Directors

RL15495-0426

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Santa Clara Valley Water District

File No.: 26-0367

Agenda Date: 5/12/2026
Item No.: 4.4.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Approve the Submission of Ballots Approving the Proposed Mosquito, Vector and Disease Control Assessment from the Santa Clara County Mosquito and Vector Control District.

RECOMMENDATION:
Approve a "Yes" vote for the proposed Mosquito, Vector and Disease Control assessment and direct staff to return the completed ballots before the voting period closes.

SUMMARY:
Property owners in Santa Clara County began receiving mail-in ballots on March 18, 2026, asking them to vote on a proposed Mosquito, Vector and Disease Control Assessment to maintain and strengthen mosquito and vector control services. To keep up with rising costs and increased service needs from the community, the County's Mosquito and Vector Control District (District) is proposing a new assessment that would result in additional charges to property owners. A benefit assessment is a property-related charge that property owners vote on and pay to fund specific programs and local services, such as mosquito and vector control.

About the Mosquito and Vector Control District:
The Mosquito and Vector Control District is funded through two benefit assessments on property owners that the County of Santa Clara Board of Supervisors, acting as the Board of Trustees, approved in 1996, and property owners approved in 2005.

The District provides vital services to preserve public health and keep the Santa Clara County community safe. The district works year-round to protect people and pets from insects, arachnids (e.g., ticks), and other wildlife that can spread diseases. These animals are known as vectors and can include mosquitoes, ticks, fleas, rodents, raccoons, and more. The District also monitors diseases such as West Nile virus, Dengue virus and Lyme disease that can cause severe illness, and conducts education and outreach efforts to help the community learn how to stay protected against vector-borne diseases.

About the Proposed Mosquito, Vector and Disease Control Assessment:
The existing assessments for the District total $14.90 per year for a single-family home. These rates

have increased by only $1.46 over the past 30 years. Meanwhile, operational costs have climbed sharply due to inflation, increased service demand, and higher prices for essentials, such as larvicides and field equipment. In 2024, the District responded to approximately 4,600 service requests, a 21% increase from 2023. Since 2020, revenue has grown by 9.6%, while expenses have increased by over 29%.

If approved, the new proposed assessment for a typical single-family home would be $15.75 annually, or about $1.31 per month, to sustain and increase essential mosquito, vector, and disease control services that protect our community's health. These funds are dedicated to mosquito, vector, and disease control services and may not be used for any other purpose.

The proposed assessment will allow the District to maintain and enhance essential surveillance, prevention and response efforts to reduce vector-borne disease risks and protect the community from emerging threats, most notably the expanding invasive Aedes aegypti mosquito, which can transmit dengue, Zika and other viruses.

Status of Proposed Assessment:
There is a 45-day voting period that began on March 18, 2026, and signed mail-in ballot must be returned by no later than May 19, 2026. Only official ballots that are received before the close of the public input portion of the Public Hearing at the Santa Clara County Board of Supervisors Chambers on May 19, 2026, will be counted. Postmarks do not count. Ballots must be signed and marked with the property owner's support or opposition by marking the oval next to "Yes" or "No."

Ballots are weighted based on each property's proposed assessment amount. If at least 50% of the weighted ballots are in support, the assessment may be levied beginning in Fiscal Year 2026-2027.

The results of the tabulation will be announced at the public hearing scheduled for 10 a.m. on June 2, 2026, in the Board Chambers for the Santa Clara County Board of Supervisors.

Importance to Valley Water:
Valley Water received more than 100 ballots related to the proposed Mosquito, Vector and Disease Control Assessment for all parcels that the agency owns. Although government-owned property in California is exempt from property taxes when located within their own boundaries, certain Valley Water-owned properties acquired by the Real Estate Services Unit (RESU) pay the assessment, currently totaling $2,227 for FY 2026. If this new assessment is approved, Valley Water would pay an additional $597.20 in assessments, for a new total of $2,824.20 for FY 2027.

Pros:

- If approved by Santa Clara County property owners, the Mosquito and Vector Control District will be able to continue vector control services and prevent the spread of diseases, not just on Valley Water properties, but for the entire community.
- If approved, funds from this assessment can only be used to maintain and improve mosquito, vector, and disease control services in Santa Clara County. These funds will be placed in a dedicated account that cannot be used for other purposes.

Cons:

- If approved, the assessment will result in an increase in charges to Valley Water and other property owners in Santa Clara County.

ENVIRONMENTAL JUSTICE IMPACT:
Effective vector control is a crucial component of public health. Some communities live in environments with high vector density and bear a disproportionate burden of vector-borne diseases. If approved, the new assessment will allow the Mosquito and Vector Control District to continue providing the current level of services to protect public health and to address emerging threats to protect all communities.

FINANCIAL IMPACT:
If approved by property owners in Santa Clara County, the cost to Valley Water would be an incremental $2,824.20 per year beginning in FY 2027. This assessment will be collected annually until the County of Santa Clara Board of Supervisors, acting as the Board of Trustees, determines that the assessment is no longer necessary.

After FY 2027, the maximum allowed assessment rate will only be adjusted for inflation by an amount not to exceed the annual change in the Consumer Price Index for All Urban Consumers for San Francisco-Oakland-Hayward (CPI).

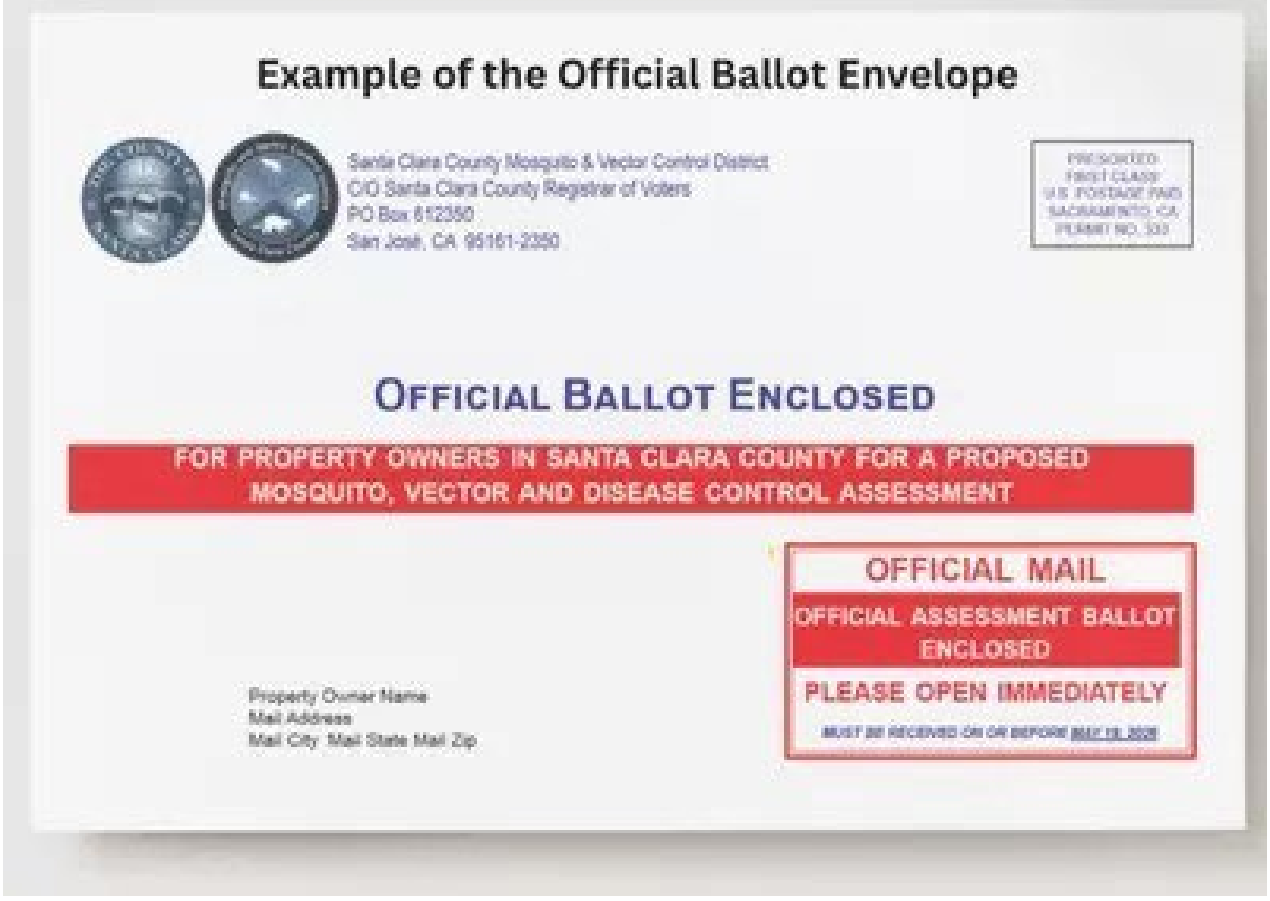
CEQA:
The Santa Clara County Mosquito and Vector Control District's Board of Trustees (VCD Trustees) adopted Resolution VCD-2026-1 on January 13, 2026, providing notice of its intention to levy a new benefit assessment and approving the mailing of assessment ballots for the Santa Clara County Mosquito and Vector Control District, 2026 Mosquito, Vector and Disease Control Assessment. As the California Environmental Quality Act (CEQA) lead agency decision-makers, the VCD Trustees determined the implementation of the proposed 2026 Assessment is not a project under CEQA Guidelines section 15378 because it is the creation of a funding mechanism to support ongoing operations of the Santa Clara County Mosquito and Vector Control District. The VCD Trustees also concluded the 2026 Assessment is exempt from CEQA under California Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273 because it is a charge by a public agency for the purposes of meeting operating expenses and for meeting financial reserve needs and requirements.

Valley Water is not a responsible agency for implementation of the activities funded by the proposed assessment as it has no responsibility or authority over the proposed program and local services. The recommended action is limited to a vote of approval of a property-related charge that is exempt under CEQA Guidelines section 15273 which exempts approval of rates or other charges by public agencies which the public agency finds are for the purpose of meeting operating expenses and financial reserve needs and requirements.

ATTACHMENTS:
Attachment 1: Example Ballot

UNCLASSIFIED MANAGER:
Joshua Golka, 408-630-4508

Example of the Official Ballot Envelope



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Santa Clara Valley Water District

File No.: 26-0223

Agenda Date: 5/12/2026
Item No.: 4.5.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Accept the Work as Complete and Direct the Clerk to File the Notice of Completion of Contract and Acceptance of Work for the Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4), Granite Construction Company, Contractor, Project No. 40174005, Contract No. C0666-1 (Milpitas, District 3).

RECOMMENDATION:
A. Accept the work on the Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4), Project No. 40174005, Contract No. C0666-1 as complete; and
B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder.

SUMMARY:
The construction contractor, Granite Construction Company, has completed Stage 2 (Milestones 2-4) of the Lower Calera Creek Flood Protection Project (Project).

Project Background

The Project is a portion of the larger Lower Berryessa Creek Flood Protection Project (LBC Project), which extends approximately 1.6 miles from its confluence with Lower Penitencia Creek upstream to Calaveras Boulevard and is part of several flood protection improvements within the city of Milpitas. The LBC Project will help protect the surrounding area by removing approximately 1,800 parcels from the one (1) percent floodplain and provide improved maintenance access to the channel. The LBC Project was carried out in two (2) phases.

The LBC Project, Phase 1 (Phase 1 Project) was completed in December 2016 and included improvements from the Lower Penitencia Creek confluence up to Abel Street. The LBC Project, Phase 2 (Phase 2 Project) includes the segment along Lower Berryessa Creek between Abel Street and Calaveras Boulevard and a segment of Calera Creek from the Union Pacific Railroad that spans to about 880 feet upstream of Arizona Avenue (i.e., Lower Calera Creek). The civil construction work for the Phase 2 Project was completed in July 2020. The plant establishment work was completed in

March 2023.

This Project for the Lower Calera Creek segment is the last element of the Phase 2 Project. The Project was constructed in two stages. Stage 1 construction work comprised completing Milestone 1, which was completed in March 2023. Stage 2 (Milestones 2-4) consisted of the waterline repair, plant installation, and a three-year planting establishment and maintenance period (Milestones 2-4), which was completed in January 2026.

Relevant Prior Board Actions

On December 13, 2011, the Board adopted a Resolution certifying the Final Program Environmental Impact Report, adopted the Mitigation Monitoring and Reporting Program and Findings of Fact and Statement of Overriding Considerations for the Program, and approved the Lower Berryessa Creek and Lower Calera Creek elements of the Program.

On January 26, 2021, the Board adopted the plans and specifications and authorized advertisement for bids for the Project, per the Notice to Bidders, and authorized the Designated Engineer to issue addenda, as necessary, during the bidding process.

On January 26, 2021, the Board authorized the Chief Executive Officer to execute the Master Agreement with the City of Milpitas (City) for the construction of City improvements, modifications to City facilities, and work within City's right of way for Santa Clara Valley Water District (Valley Water) to proceed with construction of the Lower Berryessa Creek Flood Protection, Lower Calera Creek Flood Protection, and Lower Penitencia Creek Improvements Projects.

On April 6, 2021, the Board ratified Addenda Nos. 1, 2, and 3 to the Contract Documents and rejected all bids for Contract C0666, adopted plans and specifications, authorized re-advertisement for bids for the Project, and authorized the Designated Engineer to issue addenda, as necessary, during the bidding process.

On May 25, 2021, the Board ratified Addendum No. 1 to the Contract Documents, per the Notice to Bidders, awarded the subject contract to Granite Construction Company for $17,899,365.00, approved a contingency sum of $1,789,936.50, and authorized the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

On April 12, 2022, the Board approved an increase of $1,299,635.00 to the construction contract contingency encumbrance.

On June 13, 2023, the Board approved a budget adjustment of $1,600,000 from the Lower Berryessa Creek Phase 1 Project to the Lower Calera Creek Flood Protection Project and approved an increase of $1,000,000 to the construction contract contingency sum for the Lower Calera Creek Flood Protection Project, Contract No. C0666-1.

On June 27, 2023, the Board accepted the work on the Lower Calera Creek Flood Protection Project, Stage 1, Granite Construction Company, Project No. 40174005, Contract No. C0666-1 as complete, and directed the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of

Work and submit for recording to the Santa Clara County Clerk-Recorder.

On November 26, 2024, the Board approved a budget adjustment of $121,000 to the construction contract contingency sum for the Lower Calera Creek Flood Protection Project, Contract No. C0666-1.

Contract Change Orders

A total of two (2) contract change orders and two (2) directed change orders, totaling $1,188,393.00, were executed during Milestones 2-4 to address various issues, including unforeseen site conditions, migratory birds, utility conflicts, and City of Milpitas and Santa Clara Valley Transportation Authority-requested changes.

These changes included replacing and repairing a portion of the City of Milpitas' sewer and water pipes, redesigning the floodwall foundations, the existing pump station bypass, unsuitable soil excavation, Class 2 soil off-haul, and resequencing and accelerating the schedule.

Table 1 presents a summary of the construction contract and contingency amount.

TABLE 1
SUMMARY OF CONSTRUCTION CONTRACT AND CONTINGENCY AMOUNTS

	Contract Amount	Remaining Contingency Amount
Original Contract	**$17,899,365.00**	**$1,789,936.50**
Change Order Nos. 1 to 4 (Staff Approved)	$576,201.57	$1,213,734.93
Contingency Amount Increased by $1,299,635.00 (Board Approved)		**$2,513,369.93**
Change Order No. 5 (Revised floodwalls to avoid field conflicts)	$2,231,121.62	$282,248.31
Change Order Nos. 6 to 10 (Staff Approved)	$192,628.80	$89,619.51
Contingency Amount Increased by $1,000,000.00 (Board Approved)		**$1,089,619.51**
Change Order Nos. 11 to 12 (Staff Approved)	$21,409.95	$1,068,209.56
Final Stage 1 (Milestone 1) Contract Amount and Remaining Contingency	**$20,920,726.94**	**$1,068,209.56**
Change Order No. 13 (DOO Approved)	$185,393.34	$882,816.22
Directed Change Order No. 1 (ACEO Approved)	$474,606.66	$408,209.56
Directed Change Order No. 2 (DOO Approved)	$148,393.00	$259,816.56
Contingency Amount Increased by $121,000.00 (Board Approved)		**$380,816.59**

Change Order No. 14 (ACEO Approved)	$380,000.00	$816.56
Final Stage 2 (Milestones 2-4) Contract Amount and Remaining Contingency	**$22,109,119.94**	**$816.56**

Acceptance of the Work and Recording Notice of Completion of Contract

The California Civil Code allows an owner or agent to execute a Notice of Completion of Contract after acceptance of the work by the Board. The Notice of Completion of Contract and Acceptance of Work is included in Attachment 1. The Designated Engineer has determined that the work has been completed, to the best of their knowledge, in accordance with the plans and specifications, and recommends acceptance. The Designated Engineer's recommendation of construction acceptance is included in Attachment 2. The Project Completion Letter is included as Attachment 3. Photos of the completed Project are included in the Construction Summary as Attachment 4. The Project Delivery Process Chart is included in Attachment 5.

Construction Contract Retention

California law requires Valley Water to release contract retention in accordance with certain time frames, which will commence once the Notice of Completion is recorded with the Santa Clara County Clerk-Recorder. Interest payment on retention due to the contractor may be avoided by meeting the requisite deadlines.

Valley Water is currently withholding retention funds totaling five percent (5%) of the contract items associated with Stage 2 (Milestones 2-4) amount ($70,212.18) in accordance with the Public Contract Code. Per the construction Contract Documents, Valley Water is required to release retention funds associated with the contract 35 days after recording the Notice of Completion of Contract and Acceptance of Work, subject to any withholdings required by law or the contract.

Project Expenditures

As indicated in the Summary of Construction Contract and Contingency Amounts (Table 1), at Stage 2 (Milestones 2-4) completion, the original contract amount of $17,899,365.00 has been increased by $4,209,754.94 to $22,109,119.94, an increase of approximately 23.5%.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with the Lower Calera Creek Flood Protection Project. This action is unlikely to or will not result in disproportionate impacts on any specific community(s) relative to the general population from the implementation of this project.

FINANCIAL IMPACT:
The Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4), Project No. 40174005, as part of the larger Lower Berryessa Creek Flood Protection Project, is included in the Capital Improvement Program (CIP) Fiscal Year (FY) 2026-30 Five-Year Plan and in the FY 2025-26 Adopted

Budget. Total financial costs were detailed in previous sections of the agenda memorandum.

Transfer of Remaining Balances

The original contract amount of $17,899,365.00, combined with the original Board-approved contingency encumbrance of $1,789,936.50, totaled $19,689,301.50. In addition, the Board's approval of the following contingency increases at the April 12, 2022, June 13, 2023, and November 26, 2024 board meetings of $1,299,635.00, $1,000,000.00, and $121,000.00, respectively, increased the total contingency amount to $4,210,571.50.

The original contract amount ($17,899,365.00) plus the total cost of all approved change orders ($4,209,754.94) resulted in a final contract amount of $22,109,119.94. Upon Project completion and close-out, any remaining balance will be released to the Watershed and Stream Stewardship Fund (Fund 12).

CEQA:
The recommended action does not constitute a project under CEQA because it does not have potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: Notice of Completion and Acceptance of Work
Attachment 2: Construction Contract Acceptance
Attachment 3: Project Completion Letter
Attachment 4: Construction Photos
Attachment 5: Project Delivery Process Chart

UNCLASSIFIED MANAGER:
Bhavani Yerrapotu, 408-630-2735

Valley Water

RECORD WITHOUT FEE UNDER SECTION 6103
GOVERNMENT CODE OF THE STATE OF CALIFORNIA
SANTA CLARA VALLEY WATER DISTRICT
5750 ALMADEN EXPRESSWAY, SAN JOSE, CA 95118

Recording Requested by: Candice Kwok-Smith, Clerk, Board of Directors

When Recorded, Mail to:

Candice Kwok-Smith, Clerk, Board of Directors
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Stage 2 - Waterline repair, plant installation, and three-year planting establishment and maintenance period (Milestones 2-4)

NOTICE OF COMPLETION OF CONTRACT AND ACCEPTANCE OF WORK

NOTICE IS HEREBY GIVEN by order of the Board of Directors of Santa Clara Valley Water District, State of California, pursuant to law, that work to be performed under the contract heretofore made and executed by and between Santa Clara Valley Water District, as Owner therein, and **Granite Construction Company, 715 Comstock Street Santa Clara CA 95054**, as Contractor therein (Contractor), bearing the date **May 25, 2021** for construction of the Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4) and appurtenant facilities upon lands of said District known as Lower Calera Creek, upstream of VTA/BART tracks and drop structure, situated in the County of Santa Clara, State of California, was completed as called for and in the manner designated by the plans and specifications, by the Contractor, and the work was accepted by the District's Board of Directors on behalf of the District on May 12, 2026.

That upon said contract, **Travelers Casualty and Surety Company of America, 1 Tower Square, Hartford Connecticut, 06183 (Bond No.107444290)** was surety on the bond given by **Granite Constuction Company** the Contractor, as required by law;

That the title of said District to the real property upon which said work and contract was performed is that of **Fee and Easement** and;

That the District's address is 5750 Almaden Expressway, San Jose, California 95118.

IN WITNESS WHEREOF, pursuant to the order of the Board of Directors made and given on May 12, 2026 authorizing and directing the execution of this instrument, the District has caused these presents to be executed in its name, authenticated by the signature of the Clerk of the Board of Directors on May 12, 2026.

_____
Candice Kwok-Smith
Clerk, Board of Directors
Santa Clara Valley Water District

I, the undersigned, say that I am Clerk of the Board of Directors of the Santa Clara Valley Water District; that I make this declaration on its behalf; that District is the owner of the real property interest described in the foregoing Notice; that declarant has read the foregoing Notice and knows the contents thereof, and the same is true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 12, 2026, at San Jose, California.

_____
Candice Kwok-Smith
Clerk, Board of Directors
Santa Clara Valley Water District

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SANTA CLARA VALLEY WATER DISTRICT

RECOMMENDATION OF CONSTRUCTION CONTRACT ACCEPTANCE

In accordance with **Article 11.01.06, Acceptance of Work,** of the contract specifications, a final inspection was conducted on January 14, 2026, for the Lower Calera Creek Flood Protection Project, Completion of Milestone 4 (Three-Year Mitigation Planting Establishment and Maintenance), Granite Construction Incorporated, Contractor, Project No. 40174005, Contract No. C0666-1. The Project Completion Letter dated February 20, 2026, indicates that the work was completed in accordance with the contract requirements.

It is recommended that the work under this contract be accepted by Valley Water.

Recommended By:

Signed by:
Nigel Bullock
0188A9E9E685408...

3/17/2026

Nigel Bullock
Date
Chief Construction Inspector
Designated Engineer's Representative

Concurrence:

DocuSigned by:
Bhavani Yerrapotu
468D6D59FDEC458...

3/23/2026

Bhavani Yerrapotu, P.E.
Date
Deputy Operating Officer,
Watersheds Design &
Construction Division

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February 20, 2026

Jim Mitchell
Granite Construction Company
715 Comstock Street
Santa Clara, CA 95054

Subject: Lower Calera Creek Flood Protection Project
Contract No. C0666-1, Project No. 40174005.
Project Completion Letter

Dear Mr. Mitchell:

The Santa Clara Valley Water District (Valley Water) is in receipt of the Project Completion Certification, dated February 1, 2026, from Granite Construction Company. All work for the subject contract has been completed, as attested to by Valley Water, and all required close-out documents have been received.

In accordance with **Article 11.01.05 Project Completion,** this serves as the Project Completion letter for the subject contract and established the completion of the project.

Therefore, in accordance with **Article 11.01.06 Acceptance of Work,** I will recommend that the Valley Water Board of Directors formally accepts the work of this contract.

If you have any questions, contact me at the Valley Water Headquarters at (408) 483-7569 or email me at nbullock@valleywater.org.

Sincerely,

Signed by:
Nigel Bullock
0188A9E9E685408...

Nigel Bullock
Chief Construction Inspector
Construction Inspection Services Unit

cc: B. Yerrapotu, H. Angeles, L. Gregory, S. De La O, J. Valencia, J. Luna, P. Randhawa, N. Bullock, G. Ohea, Contract File

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Valley Water

Clean Water • Healthy Environment • Flood Protection

Lower Calera Creek Flood Protection Project, Stage 2 (Milestones 2-4)

Notice of Completion of Construction Contract

May 12, 2026

Valley Water

Construction Photos

PRE-CONSTRUCTION

Construction Photos

CONSTRUCTION PHASE

Construction Photos

POST-CONSTRUCTION

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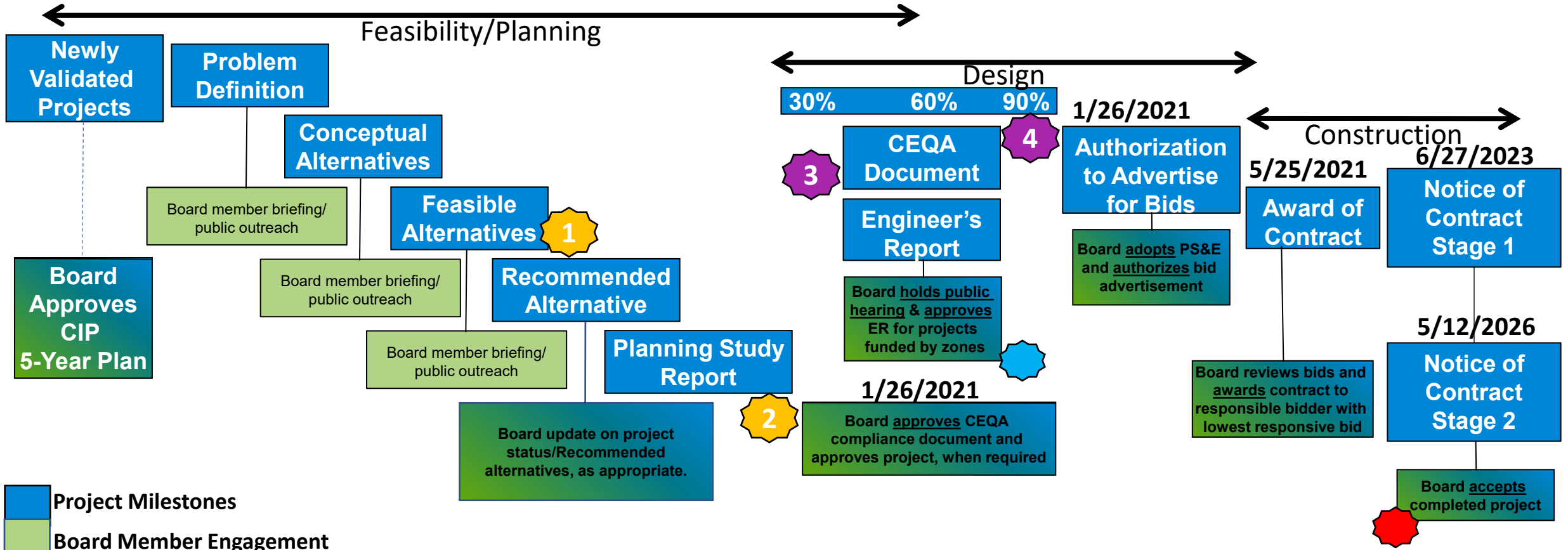
Lower Calera Creek Flood Protection Project (Stage 2)
Project No. 40174005, Contract No. C0666-1

BOARD ACTION & ENGAGEMENT: CAPITAL PROJECT DELIVERY PROCESS*

* This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.



Project Milestones

Board Member Engagement

Board Engagement/Action

Additional Board Engagement Points for Complex Projects

Additional Board Engagement Points for Operations & Maintenance Impacts

Board Action: Approval/Adoption of Environmental = Approval of Project

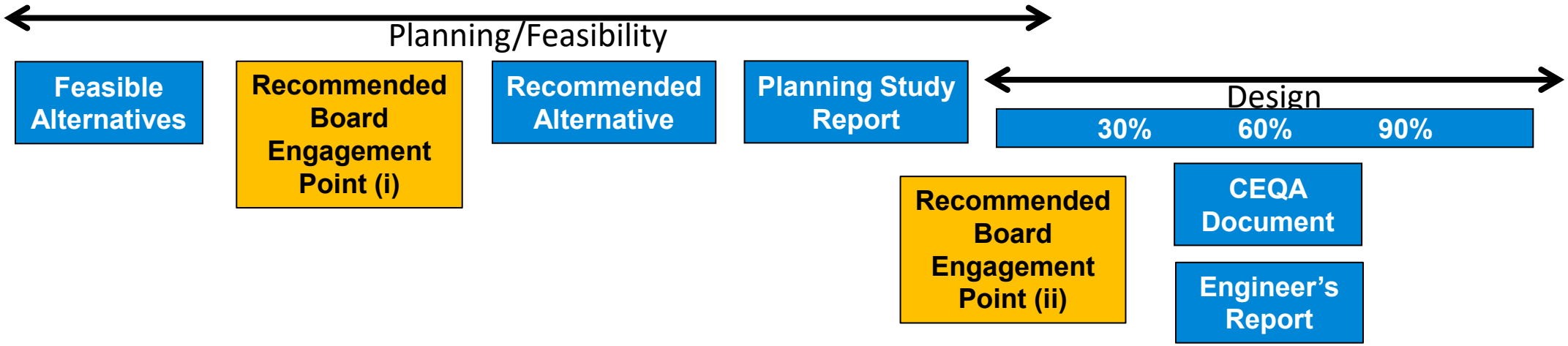
Staff: Reassess Risk for Remaining Contingency

Capital Improvement Program (CIP)

Project Delivery Process*

Board Engagement/Actions

Additional Recommended Points for Board Engagement



For capital projects with unusually complex fiscal, jurisdictional, environmental, or community considerations:

i. During the Planning/Feasibility Phase, after identifying the Feasible Alternatives but before selecting the Recommended Alternative, present the Feasible Alternatives and staff's initially proposed Recommended Alternative to the Capital Improvement Program (CIP) Committee. If recommended by the CIP Committee, present them to the Board for feedback to inform the selection of the Recommended Alternative; and

ii. For the projects for which the Board provided feedback regarding the Recommended Alternative, should changes to the project occur during the Planning and initial Design Phases that result in a significant deviation from the Recommended Alternative, staff will return to both the CIP Committee and the Board to provide information and receive feedback, as necessary, prior to the public review of the California Environmental Quality Act (CEQA) document.

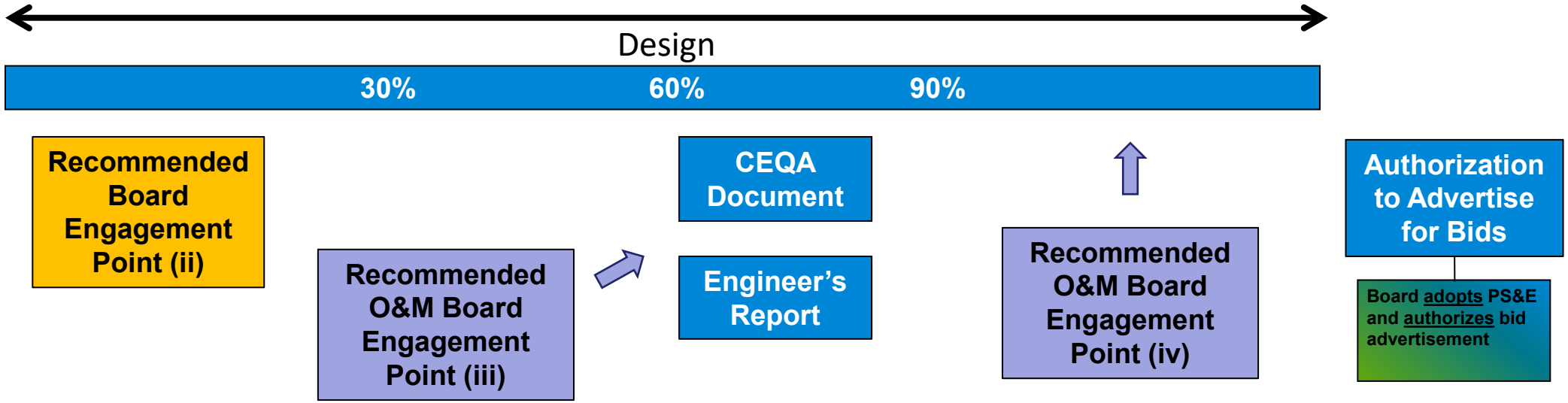
Valley Water

* For discussion purposes only. This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects

Capital Improvement Program (CIP)

Project Delivery Process*

Additional Recommended Points for O&M Engagement



For all capital projects:

iii. As part of the Board memo on either the Engineer's Report or CEQA document, include an O&M cost and impact assessment

iv. If significant changes occur after the Engineer's Report or CEQA document is approved by the Board, present an updated O&M cost and impact assessment to the Capital Improvement Program (CIP) Committee

Valley Water

* This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.

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Santa Clara Valley Water District

File No.: 26-0459

Agenda Date: 5/12/2026
Item No.: *4.6.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Accept the CEO Bulletin for the Weeks of April 24 Through May 7, 2026.

RECOMMENDATION:
Accept the CEO Bulletin.

SUMMARY:
The CEO Bulletin is a weekly communication to the Board of Directors for the CEO, assuring compliance with Executive Limitations Policy EL-7: The BAOs inform and support the Board in its work. Further, a BAO shall inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established, and report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

CEO Bulletins are produced and distributed to the Board weekly as informational items, and then placed on the bimonthly, regular Board meeting agendas to allow opportunity for Board discussion on any of the matters contained therein.

ENVIRONMENTAL JUSTICE IMPACT:
The CEO Bulletin is not subject to environmental justice analysis.

FINANCIAL IMPACT:
There is no financial impact associated with this item.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: 05/07/2026 CEO Bulletin

UNCLASSIFIED MANAGER:
Melanie Richardson, 408-630-2017

CEO BULLETIN

To: **Board of Directors**
From: **Melanie Richardson, Interim CEO**

Weeks of April 24, 2026 – May 7, 2026

Board Executive Limitation Policy EL-7:
The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
1	Golden Mussel Detection at Valley Water's Water Treatment Plants and Response Update
2	Public Hearing Notice for 2025 Urban Water Management Plan
3	Safe, Clean Water Grant Closeout: Children's Discovery Museum's Exploration Portal: Preventing Pollution Project
4	Safe, Clean Water Grant Closeout: City of Morgan Hill's Madrone Channel Trail Improvement Project
5	Safe, Clean Water Refill Station Closeout: City of Gilroy's Wheeler Gym Project
6	West Pipeline Update: Phase I Complete; Full Service to Resume with RWTP Startup on April 27, 2026

1. Golden Mussel Detection at Valley Water's Water Treatment Plants and Response Update

In early April 2026, a juvenile golden mussel was identified at the raw water intake of the Penitencia Water Treatment Plant (PWTP), marking the first confirmed detection at a Valley Water facility. While significant, this detection is not unexpected, as PWTP receives water from the South Bay Aqueduct (SBA), which conveys Delta water where golden mussels have been present since 2024.

Additionally, in late April 2026, an adult golden mussel was discovered in raw water strainer at the Santa Teresa Water Treatment Plant. At the time, the plant was receiving San Luis water, where golden mussels have been present since September 2025.

At the state level, the Department of Water Resources continues to actively manage this invasive species within the aqueduct system, including prior targeted treatments and additional actions planned later this year. Similar detections at other regional agencies receiving the same source water indicate a broader system presence.

Valley Water Operational Status and Response

There is no impact to drinking water quality or treatment performance. Water delivered to customers remains safe and fully compliant with all regulatory standards. Existing treatment processes are effective in removing mussels.

Operational impacts are limited to smaller components --such as small-diameter sampling lines and instrument connections --where buildup may occur over time. These are being proactively managed through routine flushing, cleaning, and redundant systems.

Targeted water supply adjustments are underway to limit potential spread. Deliveries of imported water are being reduced in select recharge ponds, supported by increased monitoring and greater use of local supplies where feasible. Releases of imported water to creeks are also being reduced, with ongoing customer coordination. Enhanced monitoring and coordination with state agencies and regional partners continue to support system reliability and resilience.

Summary

This situation is being proactively managed with no disruption to service or water quality. Efforts remain focused on monitoring, limiting spread, protecting infrastructure, and maintaining operational resilience. We will continue to track developments and adjust as needed.

For further information, please contact Sam Bogale at (408) 630-3505.

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2. Public Hearing Notice for 2025 Urban Water Management Plan

Every five years, urban water suppliers in California are required by State law to prepare an Urban Water Management Plan (UWMP). Valley Water meets the definition of an urban water wholesaler and is currently preparing its 2025 UWMP. Valley Water's 2025 UWMP documents current and projected water supplies and demands over the next 25 years during normal and drought years, as well as water shortage contingency planning and conservation efforts. The plan provides an overall picture of past, current, and future water conditions and management in Santa Clara County.

As part of the UWMP adoption process, Valley Water is required to hold a public hearing to provide an opportunity for the public to review and provide input to the plan before it is adopted. Staff is targeting the June 9, 2026 Board meeting for the public hearing and plans to publish a public notice in local newspapers for two weeks in May 2026, once for each week. This notice will include the time and place of hearing, as well as the location where the plan is available for public inspection. Providing the requisite advance notice of the public hearing will enable formal participation by the community, retailers, and the cities and County of Santa Clara.

The public comment period commences with the release of the draft plan in early May and will last until the day of the public hearing. The plan adoption is tentatively scheduled for the same day, June 9, 2026, after the close of the public hearing.

After the public hearing and plan adoption, Valley Water's 2025 UWMP must be submitted to the Department of Water Resources by July 1, 2026.

For further information, please contact Kirsten Struve at (408) 630-3138.

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3. Safe, Clean Water Grant Closeout: Children's Discovery Museum's Exploration Portal: Preventing Pollution Project

In Fiscal Year 2020, Valley Water awarded Children's Discovery Museum of San Jose (CDMSJ) a $144,500 Safe, Clean Water Program B3 Grant for their Exploration Portal: Preventing Pollution Project. CDMSJ completed the Project in May 2025 and submitted the final invoice items in December 2025, allowing for grant closeout.

The Children's Discovery Museum of San Jose is a non-profit 501(c)(3) organization that builds community through creating innovative educational experiences for children and inspiring lifelong learning. The Project delivered a new outdoor education space, the Exploration Portal, that showcases real-world pollution prevention strategies in action, including how to reduce runoff to the Guadalupe River, support groundwater supplies through pollution prevention techniques, and showcase building materials to reduce runoff, such as permeable hardscape.

Key Outcomes:

- The outdoor classroom introduced eight interactive exhibits for STEM-based (Science, Technology, Engineering, and Mathematics) learning designed to engage children, families, and schools in hands-on learning about water conservation and watershed protection.
- Successfully hosted a grand opening event on June 21, 2024, attended by Vice Chair Santos as a guest speaker.
- Officially opened the Exploration Portal to the public on June 29, 2024.
- Engaged more than 250,000 children and adults through visits to the Exploration Portal during 2024-2025.

For further information, please contact Rachael Gibson at (408) 630-2884.

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4. Safe, Clean Water Grant Closeout: City of Morgan Hill's Madrone Channel Trail Improvement Project

In Fiscal Year 2019, Valley Water awarded City of Morgan Hill a $120,000 Safe, Clean Water Program D3 Grant for their Madrone Channel Trail Improvement Project. The City of Morgan Hill completed the Project on May 6, 2025, and submitted the final invoice items in November 2025, allowing for grant closeout.

The Project paved a new 7-foot wide Class I bicycle and pedestrian trail from East Main Avenue to Tennant Avenue along the Madrone Channel, located east of Highway 101 in Morgan Hill. The Project provides accessible connections for walkers and bikers, linking the south end of Morgan Hill to the north end away from vehicle traffic.

Key Outcomes:

- Enhanced 1.8 miles of new trail between Tennant Avenue and East Main Avenue.
- Increased annual Pedestrian usage: 15,196 to 16,146 (~6% increase)
- Increased annual Bicycle usage: 7,598 to 19,538 (~157% increase)
- Installed interpretive signage acknowledging Valley Water and the Safe, Clean Water Program as a funding source along the length of the new trail.
- Hosted a grand opening and ribbon-cutting ceremony attended by Director Varela, who provided opening remarks, City of Morgan Hill Mayor Mark Turner, Santa Clara Valley Transportation Authority staff, and approximately 35 attendees.

For further information, please contact Rachael Gibson at (408) 630-2884.

5. Safe, Clean Water Refill Station Closeout: City of Gilroy's Wheeler Gym Project

In Fiscal Year 2024, Valley Water awarded City of Gilroy a $5,000 Safe, Clean Water Program F9 Refill Station Grant for their Wheeler Gym. The City of Gilroy completed the Project and submitted the final invoice items in August 2025, allowing for grant closeout.

The Wheeler Center located in Gilroy, is a public recreation facility operated by the Grantee and serves as the main headquarters for the Grantee's recreation programs. The gym hosts a wide range of classes and activities for residents of all ages, including fitness, arts, dance, karate, and sports. The City of Gilroy installed a new water refill station at the front entrance of the gym to provide convenient public access during sporting events and recreation classes when other areas of the facility may be closed.

Key Outcomes:

- Installed a new water refill station at the main entrance of the Wheeler Center.
- Increased access to clean drinking water for recreation program participants.
- Since its installation, the refill station has saved over 175 bottles of water.
- Supports the hydration of the public and residents of all ages year-round.

For further information, please contact Rachael Gibson at (408) 630-2884.

6. West Pipeline Update: Phase I Complete; Full Service to Resume with RWTP Startup on April 27, 2026

The West Pipeline (WPL) --the primary distribution pipeline served by the Rinconada Water Treatment Plant (RWTP) --was taken out of service on November 1, 2025, to support Phase I of the WPL Inspection and Rehabilitation Project. This phase included the installation of a new line valve at Quito Road in Saratoga, pipeline inspections and repairs, rehabilitation of appurtenances, and other maintenance and system upgrades. During this six-month period, RWTP operated intermittently and continued supplying water to San Jose Water's More Avenue Turnout.

Construction for Phase I was completed, and staff began refilling the pipeline on March 25, 2026. Refilling and disinfection were completed on April 17, 2026, and flow has since been restored to the Mountain View and Valco Turnouts. The remaining WPL turnouts will return to service upon RWTP startup following the April 20 -27, 2026, shutdown for the Rinconada Reliability Improvement Project.

For further information, please contact Sam Bogale at (408) 630-3505.

Santa Clara Valley Water District

File No.: 26-0090

Agenda Date: 5/12/2026
Item No.: *4.7.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Approval of Minutes from April 14, 17, and 22, 2026.

RECOMMENDATION:
Approve the minutes from April 14, 17, and 22, 2026.

SUMMARY:
Pursuant to the Ralph M. Brown Act, a summary of discussions and a record of all actions taken during open and public meetings of the Santa Clara Valley Water District (Valley Water) Board of Directors are transcribed and submitted to the Board for review and formal approval.

Upon approval by the Board, the meeting minutes are finalized and incorporated into Valley Water's official archival records, serving as the authoritative historical record of the Board of Directors' proceedings.

ENVIRONMENTAL JUSTICE IMPACT:
The approval of minutes is not subject to environmental justice analysis.

FINANCIAL IMPACT:
There is no financial impact associated with this item.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: 04/14/2026 Meeting Minutes
Attachment 2: 04/17/2026 Special Meeting Minutes

Attachment 3: 04/22/2026 Special Meeting Minutes

UNCLASSIFIED MANAGER:
Candice Kwok-Smith, 408-630-3193

BOARD OF DIRECTORS MEETING

MINUTES

CLOSED SESSION AND REGULAR MEETING
TUESDAY, APRIL 14, 2026
11:00 AM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Closed Session and Regular Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 11:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Jim Beall, Rebecca Eisenberg, Nai Hsueh, Richard P. Santos, John L. Varela, and Tony Estremera, Chairperson presiding, constituting a quorum of the Board. Director Rebecca Eisenberg joined the meeting by teleconference.

Staff members in attendance were Melanie Richardson, Interim Chief Executive Officer; Carlos Orellana, District Counsel; Candice Kwok-Smith, Clerk, Board of Directors; E. Aryee, A. Baker, L. Bankosh, M. Bilski, J. Bourgeois, R. Chan, J. Codianne, A Garcia, A. Gschwind, C. Hakes, C. Lawson, A. Lee, R. McCarter, T. Ndah, K. Struve, D. Taylor, B. Yerrapotu, and T. Yoke.

2. 11:00 AM - CLOSED SESSION:

Chairperson Estremera confirmed that the Board would adjourn to Closed Session to consider Items 2.1, 2.2, and 2.3.

2.1. CLOSED SESSION
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957(b)(1)
Title: District Counsel

2.2. CLOSED SESSION
PUBLIC EMPLOYEE APPOINTMENT
Pursuant to Government Code Section 54957(b)(1)
Title: Chief Executive Officer

2.3. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION
Pursuant to Govt. Code Section 54956.9(d)(1)
Santa Clara Valley Water District v. Eisenberg
Santa Clara Co. Superior Court, No. 24CV436448

2.4. District Counsel Report on Closed Session.

Carlos Orellana, District Counsel, reported that, regarding Item 2.3, the Board met in Closed Session with all members participating, excluding Director Eisenberg, and, on a motion by Director Beall, seconded by Vice Chair Santos, with a vote of 6-0, the Board authorized staff to defend an appeal by Defendant Director Eisenberg of an order of the trial court denying Director Eisenberg's special motion to strike pursuant to Code of Civil Procedure section 425.16, and gave direction to staff.

Chairperson Estremera reported that, regarding Items 2.1 and 2.2, the Board met in Closed Session with all members participating, including Director Eisenberg, and took no reportable action.

3. 1:00 PM - TIME CERTAIN:

3.1. Pledge of Allegiance/National Anthem.

Chair Estremera led all present in reciting the Pledge of Allegiance.

Chair Estremera read the Board Meeting Decorum statement into the record, outlining the expectations for respectful and professional conduct during the proceedings.

Move to Approve:	Richard Santos
Second:	Nai Hsueh
Yeas:	Jim Beall, John L. Varela, Nai Hsueh, Rebecca Eisenberg, Richard Santos, Shiloh Ballard, Tony Estremera
Nays:	None
Abstains:	None
Recuses:	None
Absent:	None
Summary:	7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The motion passed by voice vote.

3.2. Orders of the Day.

Chairperson Estremera confirmed that there were no changes to the Orders of the Day.

3.3. Time Open for Public Comment on any Item not on the Agenda.

Chairperson Estremera declared time open for public comment on any Item not on the agenda. No one was present who wished to speak.

3.4. Conduct a Public Hearing on the February 2026 Annual Report on the Protection and Augmentation of Water Supplies and Recommended Increases in Groundwater Production Charges, Surface Water Charges, and Recycled Water Charges for Fiscal Year 2026-27.

Recommendation:

A. Open and Conduct a Public Hearing pursuant to Section 26.6 of the District Act to consider Santa Clara Valley Water District's Fiscal Year (FY) 2026-27 Annual Report on the Protection and Augmentation of Water Supplies and recommended increases to groundwater production charges (between 6.6% to 9.4%), surface water charges (between 6.9% to 9.4%) and recycled water charges (between 4.8% to 6.8%);
B. Hear public comments from groundwater producers and any interested persons regarding the Report and recommendations;
C. Consider any written protests to proposed surface water rate increases;
D. Consider staff's recommendation to set the State Water Project tax in an amount sufficient to pay next year's State Water Project costs (excluding Delta Conveyance Project costs) to avoid severe water rate impacts and keep rates feasible;
E. Direct staff to review such Report with, and solicit comments from, Santa Clara Valley Water District's advisory committees; and
F. Continue the Public Hearing regarding this Report to the April 22, 2026, Special meeting at the Morgan Hill Council Chamber Building, 17555 Peak Ave, Morgan Hill, California at 7:00 pm, pending Board approval.

Chairperson Estremera opened the Public Hearing.

Carmen Narayanan, Financial Planning and Revenue Manager, reviewed the information on this Item per the attached Board Agenda Memo, and per the information contained in Attachment 2.

Chairperson Estremera declared time open for public comments.

Sharon Luna, San Martin resident, requested clarification on the protest letter process.

Peter Van Dyke, Agricultural (AG) Water Advisory Committee, requested that information relating to the Anderson Dam Seismic Retrofit project be brought to the AG Water Advisory Committee.

Chairperson Estremera continued the Public Hearing to April 22, 2026.

REGULAR AGENDA:

4. CONSENT CALENDAR:

The Board considered Consent Calendar Items 4.1 through 4.8 under one motion.

4.1. Adopt a Resolution Recognizing Wednesday, April 22, 2026, as Earth Day.

Recommendation: Adopt the Resolution RECOGNIZING APRIL 22, 2026, AS EARTH DAY.

4.2. Adopt a Resolution Expressing Appreciation of the Santa Clara Valley Water District Volunteers and Their Contributions During 2026 National Volunteer Week.

Recommendation: Adopt the Resolution EXPRESSING APPRECIATION OF THE SANTA CLARA VALLEY WATER DISTRICT VOLUNTEERS AND THEIR CONTRIBUTIONS DURING 2026 NATIONAL VOLUNTEER WEEK.

4.3. Adopt Plans and Specifications and Authorize Advertisement for Bids for the Federal Energy Regulatory Commission Order Compliance Project Live Oak Restoration Reach Project, as part of the Anderson Dam Seismic Retrofit Project, Project No. 91864005, Contract No. C0726 (Morgan Hill, District No.1).

Recommendation:
A. Adopt the Plans and Specifications and Authorize Advertisement for Bids for Construction of the FERC Order Compliance Project (FOCP) Live Oak Restoration Reach Project (LORRP) per the Notice to Bidders; and
B. Authorize the Designated Engineer to issue addenda, as necessary, during the bidding process.

4.4. Adopt Plans and Specifications and Authorize Advertisement for Bids for Construction of the Coyote Creek Flood Protection Project, Project No. 26174043, Contract No. C0724, (San Jose, Districts 2, 3, and 6).

Recommendation:
A. Consider the First Addendum to the Final Environmental Impact Report for the Coyote Creek Flood Protection Project, along with the Final Environmental Impact Report;
B. Adopt Plans and Specifications and Authorize Advertisement for Bids for Construction of the Coyote Creek Flood Protection Project, per the Notice to Bidders; and
C. Authorize the Designated Engineer to issue addenda, as necessary, during the bidding process.

4.5. Accept the Work as Complete and Direct the Clerk to File the Notice of Completion of Contract and Acceptance of Work for the Hale Creek Enhancement Pilot Project, Stage 2, Milestone 3, McGuire and Hester, Project No. 26164001, Contract No. C0667 (Mountain View, Los Altos, District 7).

Recommendation:
A. Accept the work on the Hale Creek Enhancement Pilot Project, Stage 2, Milestone 3, Project No. 26164001, Contract No. C0667 as complete; and
B. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder.

4.6. Set the Time and Date for a Public Hearing on the Fiscal Year 2026-2027 Flood Control Benefit Assessments on May 12, 2026, at 1:00 p.m.

Recommendation: Set the time and date for a Public Hearing on the Fiscal Year 2026-2027 (FY 2026-27) Flood Control Benefit Assessments for 1:00 p.m. on May 12, 2026, at the Santa Clara Valley Water District Boardroom, 5700 Almaden Expressway, San Jose, California, and via Teleconference Zoom Board Meeting.

4.7. Approval of Minutes from March 10, 2026.

Recommendation: Approve the minutes from March 10, 2026.

4.8. Accept the CEO Bulletin for the Weeks of March 20, Through April 9, 2026.

Recommendation: Accept the CEO Bulletin.

Motion: Approve Consent Calendar Items 4.1 through 4.8, under one motion, as follows: adopt Resolution Nos. 2026-16, RECOGNIZING APRIL 22, 2026, AS EARTH DAY, and 2026-17, EXPRESSING APPRECIATION OF THE SANTA CLARA VALLEY WATER DISTRICT VOLUNTEERS AND THEIR CONTRIBUTIONS DURING 2026 NATIONAL VOLUNTEER WEEK, by roll call vote, as contained in Items 4.1 and 4.2; adopt the Plans and Specifications and authorize advertisement for Bids for Construction of the FERC Order Compliance Project Live Oak Restoration Reach Project per the Notice to Bidders, and authorize the designated engineer to issue addenda, as necessary, during the bidding process, as contained in Item 4.3; consider the First Addendum to the Final Environmental Impact Report for the Coyote Creek Flood Protection Project, along with the Final Environmental Impact Report, adopt Plans and Specifications and authorize advertisement for bids for construction of the Coyote Creek Flood Protection Project, per the Notice to Bidders, and authorize the designated engineer to issue addenda, as necessary, during the bidding process, as contained in

Item 4.4; accept the work on the Hale Creek Enhancement Pilot Project, Stage 2, Milestone 3, Project No. 26164001, Contract No. C0667 as complete, and direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder, as contained in Item 4.5; set the time and date for a Public Hearing on the Fiscal Year 2026-2027 (FY 2026-27) Flood Control Benefit Assessments for 1:00 p.m. on May 12, 2026, at the Santa Clara Valley Water District Boardroom, 5700 Almaden Expressway, San Jose, California, and via Teleconference Zoom Board Meeting, as contained in Item 4.6; approve the minutes from March 10, 2026, as contained in Item 4.7; and accept the CEO Bulletin, as contained in Item 4.8.

Move to Approve:	Richard Santos
Second:	John Varela
Yeas:	Jim Beall, John L. Varela, Nai Hsueh, Rebecca Eisenberg, Richard Santos, Shiloh Ballard, Tony Estremera
Nays:	None
Abstains:	None
Recuses:	None
Absent:	None
Summary:	7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The motion passed by roll call vote.

5. BOARD OF DIRECTORS:

5.1. Complaint Against a Board Member.

Recommendation: Pursuant to GP-6.5.7.1, consider the request of Chair Estremera to form an Ethics and Conduct Ad Hoc Committee to timely address a complaint against a Board Member.

Carlos Orellana, District Counsel, momentarily stepped out of the meeting and returned, as noted below. Linda Mason, Senior Assistant District Counsel, sat in as District Counsel during Carlos Orellana's absence.

Chair Estremera reviewed the information on this Item per the attached Board Agenda Memo.

Chair Estremera declared time open for public comment.

2 statements regarding the complaint against a board member were received from Peter Van Dyke, of undisclosed residency, and Sharon Luna, a San Martin resident.

Chair Estremera invited a motion from the Board.

Move to Approve:	Nai Hsueh
Second:	Shiloh Ballard
Yeas:	Jim Beall, John L. Varela, Nai Hsueh, Richard Santos, Shiloh Ballard, Tony Estremera
Nays:	Rebecca Eisenberg

Abstains:	None
Recuses:	None
Absent:	None
Summary:	6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The motion passed by roll call vote.

Carlos Orellana returned.

5.2. Consider the March 17, 2026, Board Policy and Monitoring Committee Recommendation to Update the Board Member Travel Policy.

Recommendation: Consider the March 17, 2026, Board Policy and Monitoring Committee recommendation to update the Board Member travel policy to include language related to cancellations.

Director Hsueh reviewed the information on this Item per the attached Board Agenda Memo.

Move to Approve:	Shiloh Ballard
Second:	Nai Hsueh
Yeas:	Jim Beall, John L. Varela, Nai Hsueh, Richard Santos, Shiloh Ballard, Tony Estremera
Nays:	Rebecca Eisenberg
Abstains:	None
Recuses:	None
Absent:	None
Summary:	6 Yeas; 1 Nays; 0 Abstains; 0 Absent.

The motion passed by roll call vote.

5.3. Board Committee Reports.

The Board reviewed the meeting summaries and agendas for the January 26, 2026, Capital Improvement Program Committee; March 17, 2026, Board Policy and Monitoring Committee; March 23, 2026, Water Supply and Demand Management Committee; April 15, 2026, Board Audit Committee; and April 16, 2026, Joint Recycled Water Policy Advisory Committee, as contained in Handouts 5.3-A through 5.3-E, respectively, and no formal action was taken. Copies of the Handouts were distributed to the Board and made available to the public.

6. WATER UTILITY ENTERPRISE:

None.

7. WATERSHEDS:

None.

8. ASSISTANT CHIEF EXECUTIVE OFFICER:

None.

9. EXTERNAL AFFAIRS:

None.

10. CHIEF EXECUTIVE OFFICER:

10.1. CEO and Chiefs' Reports.

Chris Hakes, Chief Operating Officer, verbally reported on recent rainfall activity. Rachael Gibson, Chief of External Affairs, reviewed the attached Office of Communications Monthly Update, identified as Handout 10.1-A, and the attached Office of Government Relations Summary, identified as Handout 10.1-B, respectively herein. Copies of the Handouts were distributed to the Board and made available to the public.

11. ADMINISTRATION:

None.

12. DISTRICT COUNSEL:

None.

13. BOARD POLICY PLANNING CALENDAR/PROPOSED FUTURE BOARD AGENDA ITEMS:

13.1. Review the Fiscal Year 2026 Board Policy Planning Calendar.

Recommendation: Review the Fiscal Year 2026 Board Policy Planning Calendar.

14. BOARD MEMBER REPORTS/ANNOUNCEMENTS:

Director Beall reported attending a Professional Management Association, Pinehurst Homeowners, and District 9 Leadership Group meetings; an Ad Hoc Committee meeting; meetings with County Supervisor Sylvia Arenas and West Valley College President Dr. Jennifer Taylor Mendoza; a presentation for Earth Day at Santa Teresa Catholic Church; and various meetings with staff.

Director Santos reported attending Berryessa Citizens Advisory Council and Penitencia Neighborhood Association meetings; Landscape and Agricultural Water Advisory Committee meetings; a Pajaro River Watershed Flood Prevention Authority meeting; Agenda Review with the CEO, and various meetings with staff.

Director Ballard reported attending the aforementioned Ad Hoc and Landscape Committee meetings; a Delta Conveyance Authority briefing; met with Santa Clara Valley Habitat Agency Executive Ed Sullivan, and San Jose Council Member Suds Jain; a Trails and Upper Guadalupe briefing; presented for Save Our Trails; participated in a Stevens Creek Watershed forum; a San Jose City General Update Task Force meeting, and various meetings with staff.

Director Hsueh reported attending the aforementioned Ad Hoc and Landscape Committee meetings, met with staff to follow up on the Board Policy and Monitoring

Committee, 1:1 with the CEO, a Water Commission meeting; and various meetings with staff.

Director Varela reported attending a San Luis Delta-Mendota Water Authority meeting; a South County Regional Wastewater Authority meeting; and an Association of California Water Agencies meeting.

Director Eisenberg reported a meeting with the CEO and attending various meetings with staff.

Chairperson Estremera reported attending the aforementioned Ad Hoc Committee, 1:1 with the CEO, DCA Board Prep meeting, a meeting with the Chiefs, meeting with the CEO recruiter, and various meetings with staff.

15. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

None.

16. ADJOURN:

Chairperson Estremera adjourned the meeting in honor of Arab American, Southwest Asian, North African, and Polish American Heritage and Autism Acceptance Month, and in memory of Rod Diridon, at 2:55 p.m. The Board will reconvene for its next Special Closed Session meeting at 11:00 a.m. on Friday, April 17, 2026, at the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San José, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: May 12, 2026

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BOARD OF DIRECTORS MEETING

MINUTES

SPECIAL CLOSED SESSION BOARD MEETING
FRIDAY, APRIL 17, 2026
11:00 AM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Special Closed Session Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 11:00 a.m. in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference

1.1. Roll Call.

Board members in attendance were Shiloh Ballard, Jim Beall, Nai Hsueh, Richard P. Santos, and Richard Santos, Vice Chairperson presiding, constituting a quorum of the Board.

Chairperson Estremera, and Directors Eisenberg and Varela arrived as noted below.

2. 11:00 AM - CLOSED SESSION:

Vice Chairperson Santos confirmed that the Board would adjourn to Closed Session to consider Item 2.1.

Chairperson Estremera, Directors Eisenberg and Varela arrived.

2.1. CLOSED SESSION
PUBLIC EMPLOYEE APPOINTMENT
Pursuant to Government Code Section 54957(b)(1)
Title: Chief Executive Officer

2.2. District Counsel Report on Closed Session.

Candice Kwok-Smith, Clerk, Board of Directors, reported that, regarding Item 2.1, the Board met in Closed Session with all members participating, including Chairperson Estremera and Directors Eisenberg and Varela, and took no reportable action

3. ADJOURN:

Vice Chairperson Santos adjourned the meeting at 12:28 p.m. The Board will reconvene for the next Special South County meeting at 7:00 p.m. on Wednesday, April 22, 2026, in the City of Morgan Hill, Council Chambers, 17575 Peak Avenue, Morgan Hill, California, and via Zoom teleconference.

Candice Kwok-Smith
Clerk, Board of Directors

Approved:

Date: May 12, 2026

BOARD OF DIRECTORS MEETING

MINUTES

SPECIAL SOUTH COUNTY BOARD MEETING
WEDNESDAY, APRIL 22, 2026
7:00 PM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER/ROLL CALL:

A Special Meeting of the Santa Clara Valley Water District (Valley Water) Board of Directors was called to order at 7:00 p.m. in the City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, California, and by Zoom teleconference.

1.1. Roll Call.

Board members in attendance were Jim Beall, Rebecca Eisenberg, Nai Hsueh, Richard P. Santos, John L. Varela, and Tony Estremera, Chairperson presiding, constituting a quorum of the Board.

Director Shiloh Ballard arrived as noted below.

Staff members in attendance were Melanie Richardson, Interim Chief Executive Officer; Nicole Merritt, Acting Clerk, Board of Directors; A. Baker, D. Taylor, and T. Yoke. Program Administrator Michael Potter represented Chief of External Affairs Rachael Gibson, and Senior Assistant District Counsel Mark Poole represented District Counsel Carlos Orellana.

1.2. Pledge of Allegiance/National Anthem.

Director Varela led all present in reciting the Pledge of Allegiance.

1.3. Time Open for Public Comment on any Item not on the Agenda.

Sean Mulligan, Holiday Lake Estates Board Member, expressed gratitude for the settlement that will be used to build fencing and wildfire measures, including communication infrastructure.

Director Shiloh Ballard arrived.

2. 7:00 PM - TIME CERTAIN:

2.1. Conduct the Continued Public Hearing on the February 2026 Annual Report on the Protection and Augmentation of Water Supplies and Recommended Increases in Groundwater Production Charges, Surface Water Charges, and Recycled Water Charges for Fiscal Year 2026-27; Consider Staff's Recommendation Concerning Setting of State Water Project Tax.

(Continued from April 14, 2026)

Recommendation:

A. Conduct the continued Public Hearing pursuant to Section 26.6 of the District Act to consider Santa Clara Valley Water District's Fiscal Year (FY) 2026-27 Annual Report on the Protection and Augmentation of Water Supplies and recommended increases to groundwater production charges (between 6.6% to 9.4%), surface water charges (between 6.9% to 9.4%) and recycled water charges (between 4.8% to 6.8%);
B. Hear public comments from groundwater producers and any interested persons regarding the Report and recommendations;
C. Consider any written protests to proposed surface water rate increases;
D. Consider staff's recommendation to set the State Water Project tax in an amount sufficient to pay next year's State Water Project costs (excluding Delta Conveyance Project costs) to avoid severe water rate impacts and keep rates feasible;
E. Direct staff to review such Report with, and solicit comments from, Santa Clara Valley Water District's advisory committees; and
F. Continue the Public Hearing regarding this Report and proposed charges to the April 28, 2026, Closed Session and Regular Meeting at 1:00 pm.

Chairperson Estremera opened the Public Hearing.

Aaron Baker, Chief Operating Officer, reviewed the information on this Item per the attached Board Agenda Memo, and Carmen Narayanan, Financial Planning and Revenue Manager, reviewed the information contained in Attachment 2.

Chairperson Estremera declared time open for public comments and, seeing no one present who wished to speak, continued the Public Hearing to April 28, 2026.

3. ADJOURN:

Chairperson Estremera adjourned the meeting at 8:17 p.m. The Board will reconvene for its next Regular Meeting at 1:00 p.m. on Tuesday, April 28, 2026, at the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San José, California, and via Zoom teleconference.

Nicole Merritt
Acting Clerk, Board of Directors

Approved:

Date: May 12, 2026

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Santa Clara Valley Water District

File No.: 26-0457

Agenda Date: 5/12/2026
Item No.: *5.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Board Committee Reports.

ATTACHMENTS:
*Handout 5.1-A: 03/25/2026 RWC Summary
*Handout 5.1-B: 04/16/2026 JRWPAC Summary
*Handout 5.1-C: 04/21/2026 BPMC Summary
*Handout 5.1-D: 05/13/2026 SPOC Special Agenda

Valley Water
Clean Water • Healthy Environment • Flood Protection

MEMORANDUM
FC 14

TO: Board of Directors **FROM**: RWC

SUBJECT: Recycled Water Committee (RWC) March 25, 2026 Regular Meeting Summary **DATE:** *May 12, 2026*

This memorandum summarizes agenda items from the regular meeting of the RWC held on Wednesday, March 25, 2026.

Receive Pure Water Silicon Valley Update, Including Demonstration Facility and Full-Scale Direct Potable Reuse Facility at the Silicon Valley Advanced Water Purification Center; and Ongoing Outreach.

The Committee received the information, took no formal action, and noted the Option Agreement approved by the Valley Water Board and the City Councils was executed.

Receive Update on South Santa Clara County Water Reuse Collaboration and Projects and Plans.

The Committee received the information, took no formal action, and noted the following: Efforts continue relating to the construction of the Segment 1C pipeline, with the remaining work of putting in vaults, with an estimated completion by May or June 2026, efforts continue with the City of Gilroy and the South County Regional Wastewater Authority (SCRWA) relating to providing non-potable recycled water to the future Amazon Data Center project, the project will be using about 300-acre feet per year of water when Phase 1 and 2 are completed, Gilroy requires their large commercial, industrial and institutional customers hook up to the Recycled Water System, Valley Water is not the provider of Recycled Water in south county nor would it receive water reuse applications, however, Valley Water is the wholesaler, a Recycled Water System is generally more straightforward; Direct Potable Reuse projects are more complex in scope and working with regulatory bodies, Valley Water continues to review grant opportunities for these projects, and Discussion can occur with the Water Resources Group about funding.

The Committee requested that staff provide a report relating to data center policies of cities.

Review and provide feedback on the Draft Agenda for April 16, 2026 Joint Recycled Water Policy Advisory Committee with the Cities of San Jose and Santa Clara.

The Committee received the information, took no formal action, and noted the following: the Committee suggested a member request is made to legislative bodies relating to project funding, and the Committee suggested that Aaron Baker talk to staff in Hollister relating to exploring a potential partnership around water recycling and financial partnerships.

Tony Estremera
Director, District 6
RWC Chairperson

Review and Discuss the 2026 Recycled Water Committee (RWC) Work Plan and Make Adjustments as Necessary, and Confirm the Committees Next Meeting Date.

The Committee received the information, took no formal action, and noted the following: items for the May RWC meeting include a debrief from the Joint Recycled Water Policy Advisory Committee, an update on the Purified Water Program, a possible update on the South County Water Reuse collaboration and desalination feasibility study, but these items may shift and staff will keep the Committee updated.

Director Beall requested an update on state and federal grants which is listed as an item on the workplan but does not have an assigned date.

The Committee received the information and took no formal action.

**

Board member comments and suggestions can be forwarded to Stephanie Simunic, Assistant Deputy Clerk II at (408) 630-2408 or by email to ssimunic@valleywater.org.

Tony Estremera
Director, District 6
RWC Chairperson

MEMORANDUM
FC 14

TO: Board of Directors

FROM: Joint Recycled Water Policy Advisory Committee

SUBJECT: April 16, 2026, Joint Recycled Water Policy Advisory Committee – Cities of San Jose & Santa Clara

DATE: May 12, 2026

This memorandum summarizes the Joint Recycled Water Policy Advisory Committee (Committee) – Cities of San Jose and Santa Clara meeting held on April 16, 2026.

Elect 2026 Joint Recycled Water Policy Advisory Committee (SCVWD/San Jose/Santa Clara) - Chairperson.
It was moved by Chair Pro Tem Santos and seconded by Councilmember Hardy; and unanimously carried that Director Estremera would remain the Chairperson.

Receive Pure Water Silicon Valley Direct Potable Reuse Project Update and Provide Feedback.
The Committee received the information, took no formal action, and expressed support for staff's work and continuing community outreach, particularly to seniors and students.

Review Proposed Fiscal Year 2026-2027 Budgets for Silicon Valley Advanced Water Purification Center and South Bay Water Recycling.
The Committee received the information, provided feedback, and expressed support for follow-up on potential ordinances and for a special meeting in 6 months related to the previous Pure Water Silicon Valley Direct Potable Reuse Project Update and to include the potential for federal and state funding.

It was moved by Councilmember Campos and seconded by Councilmember Cohen and the following Recommendation was unanimously approved:

B. Make a recommendation to San Jose City Council and the Santa Clara Valley Water District Board of Directors to approve their respective proposed budgets for the ensuing fiscal year for the maintenance, expansion, replacement, improvement, and operation of the South Bay Water Recycling system and the Silicon Valley Advanced Water Purification Center.

The next JRWPAC special meeting is scheduled for 10:00 a.m. on October 29, 2026.

Board member comments and suggestions can be forwarded to Nicole Merritt, Deputy Clerk (Committee Meetings) at (408) 630-3262 or by email to nmerritt@valleywater.org.

Tony Estremera
Director, District 6
JRWPAC Chairperson

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MEMORANDUM
FC 14

TO: Board of Directors **FROM**: BPMC

SUBJECT: Board Policy and Monitoring Committee (BPMC) April 21, 2026 Regular Meeting Summary **DATE:** *May 12, 2026*

This memorandum summarizes discussion and action from the meeting of the Board Policy and Monitoring Committee (BPMC) held on Tuesday, April 21, 2026.

Receive Proposed Revision to the Key Performance Indicators for Projects E5, D1, F3, and F6 of the Safe, Clean Water and Natural Flood Projection Program.

The Committee received and discussed the information and noted the following: funding for Project D1, KPI#3 is appropriate for control of 25 acres of non-native invasive plant species throughout the County over a 15-year period, Board Policy is to maintain projects Valley Water constructs, and adding clarification of roles between Valley Water and San Francisquito Creek Joint Powers Authority for the San Francisquito Creek Flood Protection Project.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard, and unanimously approved, to forward the proposed revisions to the Key Performance Indicators for Projects E5, D1, F3, and F6 of the Safe, Clean Water and Natural Flood Projection Program to the full Board for approval.

Provide Feedback for the Upcoming Audit of the Board Appointed Officers Complaint Process.

The Committee received and discussed the information, took no formal action, and reviewed the following: the pre-investigation and investigation process flow charts, communication between the investigator, Internal Affairs Group, and Board Members, the upcoming HR auditor review of the process, relationship differences between Board Members and Board Appointed Officers, and Board member clarification questions after the fact finding process.

Chairperson Hsueh stated the item will be continued.

Review and Provide Feedback on Board Work Plan.

The Committee received the information, took no formal action, and discussed shortening the report to make it more concise and readable.

Chairperson Hsueh stated the item will be continued.

Nai Hsueh
Director, District 5
BPMC Chairperson

Review and Discuss the 2026 Board Policy and Monitoring Committee (BPMC) Work Plan and Make Adjustments as Necessary, and Confirm the Committees Next Meeting Date.

The Committee received the information and took no formal action.

**

Board member comments and suggestions can be forwarded to Stephanie Simunic, Assistant Deputy Clerk II at (408) 630-2408 or by email to ssimunic@valleywater.org.

Nai Hsueh
Director, District 5
BPMC Chairperson

Santa Clara Valley Water District
Stream Planning & Operations Committee

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: https://valleywater.zoom.us/j/98460637852

SPECIAL MEETING
AGENDA

Wednesday, May 13, 2026
1:00 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

BOARD COMMITTEE MEMBERS:
Shiloh Ballard, Chairperson
Director District 2
John Varela, Vice Chairperson
Director District 1
Tony Estremera, Member
Director District 6

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 630-2277.

COMMITTEE LIAISONS:
John Bourgeois
jbourgeois@valleywater.org
Stephanie Simunic
(COB Liaison)
ssimunic@valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Stream Planning & Operations Committee

SPECIAL MEETING
AGENDA

Wednesday, May 13, 2026 **1:00 PM** **HQ. Bldg. Boardroom**
5700 Almaden Expressway, San Jose, California
Join Zoom Meeting:
https://valleywater.zoom.us/j/98460637852

IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a "hybrid" meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: https://zoom.us/test
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: https://www.youtube.com/watch?v=TojJpYCxXm0

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has

not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at https://emma.msrb.org/ and https://www.valleywater.org/how-we-operate/financebudget/investor-relations, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:
https://valleywater.zoom.us/j/98460637852
Meeting ID: 984 6063 7852
Join by Phone:
1 (669) 900-9128, 98460637852#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: Members of the public who wish to address the Board/Committee on matters not listed on the agenda may do so by completing a Speaker Card and submitting it to the Clerk, or by using the "Raise Hand" feature within the Zoom meeting application to request recognition. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and, when recognized, will be granted speaking access to address the Board/Committee.

Public comments shall be limited to three (3) minutes per speaker, or such other time as determined by the Chair. State law does not permit the Board/Committee to take action on, or engage in extended discussion of, any item not appearing on the posted agenda, except as otherwise authorized under applicable law. If Board/Committee action is requested, the matter may be scheduled for consideration at a future meeting.

All public comments requiring a response will be referred to staff for a written reply. The Board/Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of March 12, 2026 Stream Planning Operations Committee (SPOC) Minutes. 26-0442

Recommendation: Approve the minutes.

Manager: Wendy Ho, 408-630-3874

Attachments: Attachment 1: 11182025 SPOC Minutes

Est. Staff Time: 5 Minutes

4. REGULAR AGENDA:

4.1. Review and Discuss the 2026 Stream Planning and Operations Committee (SPOC) Work Plan, and Make Adjustments as Necessary; and Confirm the Next Meeting Date. 26-0443

Recommendation: Review and discuss the 2026 SPOC Work Plan, and make adjustments as necessary; and confirm the next meeting date.

Manager: Wendy Ho, 408-630-3874

Attachments: Attachment 1: 2026 SPOC Work Plan

Est. Staff Time: 5 Minutes

4.2. Tour of Completed Restoration Projects on Stevens Creek. 26-0455

Recommendation: There is no staff recommendation associated with this item. The tour of completed restoration sites along Stevens Creek is for informational purposes only and no action is requested at this time.

Manager: John Bourgeois, 408-630-2990

Attachments: Attachment 1: PowerPoint

Est. Staff Time: 20 Minutes

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

6. ADJOURN:

6.1. Adjourn. The Next Regular/Special Meeting is TBD.

Santa Clara Valley Water District

File No.: 26-0258

Agenda Date: 5/12/2026
Item No.: *7.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☒ No ☐
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Approve the Agreements with Five Consultant Firms to Provide On-Call Environmental Planning and Permitting Services: Dudek, Agreement No. A5710A; Environmental Science Associates, Agreement No. A5711A; GEI Consultants, Inc. Agreement No. A5712A; Panorama Environmental, Inc., Agreement No. A5713A; and Rincon Consultants, Inc., Agreement No. A5714A, PlanetBids File No.VW0594, for a Not-To-Exceed Fee of $3,000,000 for Each Agreement.

RECOMMENDATION:

A. Approve Agreement No. A5710A, with Dudek, for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000;
B. Approve Agreement No. A5711A, with Environmental Science Associates for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000;
C. Approve Agreement No. A5712A, with GEI Consultants, Inc., for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000;
D. Approve Agreement No. A5713A, with Panorama Environmental, Inc., for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000; and
E. Approve Agreement No. A5714A, with Rincon Consultants, Inc., for On-Call Environmental Planning and Permitting Services for a Total Not-to-Exceed fee of $3,000,000.

SUMMARY:
Valley Water environmental planning staff provide critical support for projects and programs that fulfill its water supply, flood protection and environmental stewardship missions. To effectively respond to pressing project schedules and provide necessary technical support for complex CEQA and permitting processes, five on-call environmental planning services agreements are recommended to augment environmental planning staff. The on-call agreements will:

1. increase flexibility to meet demands of project schedules;
2. provide expertise and support on an as-needed basis for the regulatory permitting and planning process for highly complex projects;
3. support public outreach and stakeholder engagement for Valley Water's role as CEQA Lead Agency.

The agreements will allow environmental planning staff to quickly and efficiently obtain a range of technical and regulatory expert services, on a task-by-task basis. These services will supplement existing staff resources. Examples of services include preparing environmental review documents; conducting visual, cultural, archaeological, traffic, noise, socio-economic studies; developing mitigation strategies; supporting public outreach and stakeholder engagement; and providing expert review and technical advice.

Consultant Selection Process

Prior to publishing the Request for Proposal (RFP), staff conducted outreach to 362 firms registered under the relevant National Institute of Governmental Purchasing (NIGP) Category Codes within Valley Water's Procurement Portal, PlanetBids. The targeted category codes for this solicitation included: 10020 - Environmental Impact Studies & Counseling Services; 91843 - Environmental Consulting; 92600 - Environmental and Ecological Services; 92642 - Environmental Services (Not Otherwise Classified); 92652 - Environmental Impact Studies; 92670 - Environmental Permitting Services; 92672 - Environmental Planning and Advisory Services; and 96132 - Environmental Impact Studies.

On September 23, 2025, a RFP for On-Call Environmental Planning and Permitting Services was published on Valley Water's Contract Administration System. Valley Water received proposals from twelve consultant firms. An Evaluation Committee (EC), consisting of four subject matter experts with planning expertise and representing Valley Water's capital, maintenance, and dam project needs ranked the written proposals. Based on this
evaluation six firms were invited to participate in the virtual oral interviews, conducted on December 11, 2025.

Based on the combined (written and oral) rating scores, the EC recommended staff to proceed with five highest ranked firms for contract negotiations, i.e., Dudek, Environmental Science Associates, GEI Consultants, Inc., Panorama Environmental, Inc., and Rincon Consultants, Inc. Negotiations with these firms have been completed successfully.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:
The Agreements for On-Call Environmental Planning and Permitting Services each have a not-to-exceed amount of $3,000,000. Each agreement term is for four (4) years with an option for a one-year time extension. No funds will be encumbered at this time. On-call services will be charged in accordance with each approved task order to budgeted funds from the appropriate capital or maintenance projects.

CEQA:
The recommended action to approve the Agreement does not constitute a project under the California Environmental Quality Act (CEQA) because it does not have the potential to result in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment A: Gov. Code § 84308
Attachment 1: Agreement, Dudek
Attachment 2: Agreement, Environmental Science Associates
Attachment 3: Agreement, GEI Consultants, Inc.
Attachment 4: Agreement, Panorama Environmental, Inc.
Attachment 5: Agreement, Rincon Consultants, Inc.

UNCLASSIFIED MANAGER:
John Bourgeois, 408-630-2990

Attachment A Government Code §84308

Approve the Agreements with five consultant firms to provide On-Call Environmental Planning and Permitting Services: Dudek, Agreement No. A5710A; Environmental Science Associates, Agreement No. A5711A; GEI Consultants, Inc. Agreement No. A5712A; Panorama Environmental, Inc., Agreement No. A5713A; and Rincon Consultants, Inc., Agreement No. A5714A, PlanetBids File No.VW0594, for a Not-To-Exceed Fee of $3,000,000 for each agreement.

List of Parties and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Dudek	Joseph Monaco	President and CEO	687 S. Coast Highway 101 Suite 110 Encinitas, CA 92024

List of Participants and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Balance Hydrologics	Eric Donaldson	Hydrology	931 Mission Street Santa Cruz, CA 95060
Coast Ridge Ecology	Patrick Kobernus	Biological Resources	1410 31st Avenue San Francisco, CA 94122
JRP Historical Consulting LLC	Christopher McMorris	Cultural/Tribal	2850 Spafford Street Davis, CA 95618
Zander Westbrook	Sofia Zander	GIS	2927 Newbury Street Suite B Berkeley, CA 94703

Attachment A Government Code §84308

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List of Parties and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Environmental Science Associates	Alisa Moore	Vice President, Northern California	575 Market Street Suite 3700 San Francisco, CA 94105

List of Participants and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Alta Planning + Design	Migi Lee	Traffic Studies and Planning	304 12th Street Suite 2A Oakland, CA 94607
Applied Technology & Science	Alicia Hedges	Archaeological and Cultural Resources Support	5 Third St. Suite 1010 San Francisco, CA 94103
Environmental Vision	Charles Cornwall	Visual Simulations	2560 Ninth St Berkeley, CA 94710
Sequoia Ecological Consulting, Inc.	Margaret Finch	Biological Resources	1342 Creekside Dr Walnut Creek, CA 94596

Attachment A Government Code §84308

Approve the Agreements with five consultant firms to provide On-Call Environmental Planning and Permitting Services: Dudek, Agreement No. A5710A; Environmental Science Associates, Agreement No. A5711A; GEI Consultants, Inc. Agreement No. A5712A; Panorama Environmental, Inc., Agreement No. A5713A; and Rincon Consultants, Inc., Agreement No. A5714A, PlanetBids File No.VW0594, for a Not-To-Exceed Fee of $3,000,000 for each agreement.

List of Parties and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
GEI Consultants, Inc.	Ryan Jolley	Vice President / Project Manager	180 Grand Ave Suite 950 Oakland, CA 94612

List of Participants and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Ascent Environmental, Inc	Honey Walters	Air quality, greenhouse gases, noise/vibrations, decarbonization plans	455 Capitol Mall Suite 300 Sacramento, CA 95814
Black & Veatch	Melanie Tan	Water infrastructure and treatment, desalination	2999 Oak Road Suite 490 Walnut Creek, CA 94597
Convey, Inc.	Sibil Hatch	Public outreach	1250 45th Street Suite 250 Emeryville, CA 94608
PHA Transportation Consultants	Pang Ho	Transportation	2711 Stuart Street Berkeley, CA 94705
Stillwater Sciences	Katherine Ayers	Fisheries, wildlife, regulatory guidance and permitting, mitigation planning	2855 Telegraph Avenue Suite 400 Berkeley, CA 94705

Attachment A Government Code §84308

Approve the Agreements with five consultant firms to provide On-Call Environmental Planning and Permitting Services: Dudek, Agreement No. A5710A; Environmental Science Associates, Agreement No. A5711A; GEI Consultants, Inc. Agreement No. A5712A; Panorama Environmental, Inc., Agreement No. A5713A; and Rincon Consultants, Inc., Agreement No. A5714A, PlanetBids File No.VW0594, for a Not-To-Exceed Fee of $3,000,000 for each agreement.

List of Parties and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Panorama Environmental, Inc	Tania Tres	President	717 Market St Suite 400 San Francisco, CA 94103

List of Participants and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
HT Harvey & Associates	Stephen Rottenborn	Biological Resources	720 University Ave Suite 200 Los Gatos, CA 95032
Far Western Anthropological Research Group, Inc.	Philip Kaijankoski	Cultural Resources Management	200 Gate 5 Road Suite 102 Sausalito, CA 94965
Fehr and Peers	Matt Haynes	Land Use and Transportation	345 California Street Suite 450 San Francisco, CA 94104
JRP Historical Consulting LLC	Christopher McMorris	Historical	2850 Spafford Street Davis, CA 95618
Lotus Water Engineering	Robert Dusenbury	Hydrology and Hydraulic Modeling	660 Mission Street 2nd Floor San Francisco, CA, 94105
Northgate Environmental Management, Inc	Kevin Torres	Hazards	428 13th Street 4th Floor Oakland, CA 94612
RCH Group	Paul Miller	Noise and Air	6521 Chesbro Circle Rancho Murieta, CA 95683
Wildlife Resource Management	Carol Rice	Wildfire	134 Journeys End Alamo, CA 94507

Attachment A Government Code §84308

Approve the Agreements with five consultant firms to provide On-Call Environmental Planning and Permitting Services: Dudek, Agreement No. A5710A; Environmental Science Associates, Agreement No. A5711A; GEI Consultants, Inc. Agreement No. A5712A; Panorama Environmental, Inc., Agreement No. A5713A; and Rincon Consultants, Inc., Agreement No. A5714A, PlanetBids File No.VW0594, for a Not-To-Exceed Fee of $3,000,000 for each agreement.

List of Parties and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
Rincon Consultants, Inc	Jennifer Jabobus	Principal-in-Charge	180 North Ashwood Avenue Ventura, CA 93003

List of Participants and Their Agents/Representatives Known to Staff

Organization Name	**Name**	**Role**	**Location**
HT Harvey & Associates	Stephen Rottenborn	Biological Resources	720 University Ave Suite 200 Los Gatos, CA 95032
Environmental Vision	Charles Cornwall	Aesthetics and Visual Simulation	2560 Ninth St Berkeley, CA 94710
Hexagon Transportation Consultants, Inc.	Gary Black	Transportation	100 Century Center Court Suite 501 San Jose, CA 95112
Schaaf & Wheeler Consulting Engineers	Chuck Anderson	Hydrology, Flood Risk, Project Development	4699 Old Ironsides Drive Suite 350 Santa Clara, CA 95054
Stillwater Sciences	Katherine Ayers	Fisheries, wildlife, regulatory guidance and permitting, mitigation planning	2855 Telegraph Avenue Suite 400 Berkeley, CA 94705

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This agreement (Agreement) is effective once fully executed (Effective Date), by and between SANTA CLARA VALLEY WATER DISTRICT (Valley Water or District), and DUDEK, a California corporation (Consultant), individually the Party or collectively the Parties.

WHEREAS, Valley Water desires certain services hereinafter described and Consultant affirms it has the requisite experience and expertise, and desires to provide such services.

NOW, THEREFORE, Valley Water and Consultant, for the consideration and upon the Terms and Conditions specified, agree as follows:

SECTION ONE
SCOPE OF SERVICES

The Scope of Services (Services) to be performed pursuant to this Agreement is described in the Schedule, Scope of Services, attached hereto and incorporated herein by this reference (Schedule). Valley Water may require Consultant to provide all or a portion of these services (Services) through subsequently executed task orders (Task Orders). Task Orders will be in the form of the template described in Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders and in the Standard On-Call Consultant Agreement, Appendix Three, Task Order Template. These Services will be provided on an on-call basis (On-Call).

SECTION TWO

DUTIES OF CONSULTANT

1. Performance

A. Each Scope of Service described in an attached Schedule must be performed by Consultant, or at its direction, to meet the purposes specified in this Agreement. References to “Consultant” herein include those performing any portion of the Services at its direction such as Subconsultants, vendors, suppliers, subcontractors, and other business entities and individuals. Consultant will collaborate with Valley Water staff in engineering, asset management, operations, and maintenance units to be made aware of Valley Water operational constraints, procedures, or preferences relevant to Consultant’s performance of the Services described in the attached Schedule.

B. Unless the requirements for the Services described in the attached Schedule are specifically modified in writing, Consultant must perform Services and provide all deliverables as required.

C. Consultant shall not undertake any Services not described in the attached Schedule unless authorized in writing by Valley Water prior to the performance of such Services by issuance of a Task Order or pursuant to an amendment to this Agreement signed by both Parties.

2. Consultant Controlled Areas

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Consultant is responsible for the security and safety of the area(s) it controls wherein it is required to perform field operations pursuant to the Scope of Services.

3. Licensing

Services performed by Consultant will be undertaken only by persons appropriately licensed, certified, or registered in California, as applicable to the Services described herein, when required by statutes or regulations, as well as pursuant to the relevant standard of care as described in Section Two, Duties of Consultant, subsection 11. Standard of Care. Examples of such Services include those performed by: California State Licensed Contractors, Professional Engineers and Architects, Inspectors, and Surveyors. Consultant shall make available upon Valley Water's request documentation of qualifications and licensing of personnel performing Services described herein. Consultant must be registered with the California Department of Labor Standards Enforcement if the Services or a portion thereof is determined to be "Public Works" pursuant to California Labor Code §1720(a)(1).

4. Valley Water's Approval of Deliverables

Deliverables prepared by Consultant, notwithstanding acceptance and approval by Valley Water, which Valley Water determines must subsequently be modified due to errors or omissions, will be corrected at no additional cost to Valley Water.

5. Errors and Omissions

The Services may include preparation of deliverables by Consultant to be implemented in a public works construction project. Consultant is responsible for any direct or actual damages incurred by Valley Water which Valley Water determines result from Consultant's errors or omissions in Consultant's deliverables, including, but not limited to, any increase in the Valley Water's payment(s) due to its construction contractor, which increase is directly attributable to required revisions to the construction Contract Documents to the extent caused by Consultant's negligent acts, errors, or omissions.

6. Valley Water Standardization Requirements

A. Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed pursuant to this Agreement.

B. Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages

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(for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by Consultant.

7. Consultant's Key Staff and Subconsultants

A. Consultant's Key Staff and firms subcontracted by Consultant (Subconsultants) assigned to perform the Services are identified in the Schedule(s), Scope of Services, Attachment Three, Consultant's Key Staff and Subconsultants.

B. The Project team organization chart and delegated responsibilities of each team member will be submitted to Valley Water for concurrence.

C. Consultant may utilize Subconsultants, subcontractors, suppliers, or vendors it deems appropriate to the complexity and nature of the required Services.

1) Consultant must obtain Valley Water's approval of all Subconsultants. Upon Valley Water's request, Consultant must provide copies of all Subconsultant agreements.

2) Consultant must require its delegates or Subconsultants to agree, in writing, to adhere to Terms and Conditions of this Agreement.

D. Any delegation or use of Subconsultants by Consultant will not operate to relieve Consultant of its responsibilities as described in this Agreement.

E. If any of Consultant's designated key staff persons or Subconsultants fail to perform to the satisfaction of Valley Water, on written notice from Valley Water, Consultant will have 15 calendar days to remove that person from the Project and provide a replacement acceptable to Valley Water.

F. Consultant will not charge Valley Water for the time it takes Consultant's replacement personnel to obtain Valley Water-specific Project knowledge in the possession of the person(s) being replaced.

G. Consultant's Key Staff: Valley Water's Project Manager (Valley Water Project Manager) or authorized representatives may approve any revisions to Consultant's list of key staff assigned to the Project as an administrative modification to this Agreement, and such approval will be confirmed in writing.

H. Consultant's Subconsultants

1) Valley Water's authorized representatives may approve any revisions to Consultant's list of authorized Subconsultants when the Subconsultant is deleted from the list and the Scope of Services is deleted from the Agreement or such services are assumed by Consultant; such approval will be confirmed in writing.

2) Valley Water's authorized representative may approve any revisions to Consultant's list of authorized Subconsultants when a listed Subconsultant is replaced (to perform the same Scope) or a new Subconsultant is added (to perform new Scope), provided

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the firm complies with all insurance requirements established by the Valley Water for such work; such approval will be confirmed in writing.

8. Compliance with All Laws

A. Consultant's performance must be in compliance with the most current versions of any and all laws relevant to the Services it performs pursuant to this Agreement, including, but not limited to adherence to: all applicable governmental laws, statutes, ordinances, rules, codes, regulations, orders, and other requirements; governmental requirements applicable to state and federal compliance with the Professional Land Surveyors Act; state and federal Endangered Species Act; state and federal water quality laws; and all other state and federal laws or regulations regarding environmental protection and compliance, health, safety, wages, hours, equal employment opportunity, nondiscrimination, working conditions, and transportation. In the event that Valley Water's assistance is necessary to achieve such compliance, Consultant shall promptly notify Valley Water.

B. Consultant shall provide, at Valley Water's request, documentation demonstrating Consultant's compliance with all laws as described herein. After reasonable notice and according to reasonable conditions, Valley Water has the right to inspect and copy any records of Consultant regarding such compliance.

C. Consultant represents and warrants that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal government department or agency.

9. Occupational Safety and Health

A. Consultant will perform the Services in compliance with the most current versions of all laws, standards, rules, and regulations of the Occupational Safety and Health Act, and all state and federal laws and regulations relating to safety and health standards. Consultant shall perform the Services in compliance with, will furnish only supplies, articles, and equipment that comply with such laws, standards, and regulations.

B. Consultant shall immediately notify Valley Water in the event of any personal injury accident or occurrence occurring during the performance of the Services. Upon Valley Water's request, Consultant shall provide Valley Water with documentation fully describing the accident and injury and the actions implemented to prevent similar occurrences.

10. Consultant as Independent Contractor

Consultant will perform all Services as an independent contractor and not an agent or employee of Valley Water. Consultant represents and warrants that it and its contractors who are performing any of the Services as Subconsultants will perform such Services as an independent contractor, and neither Consultant nor Subconsultants nor their employees are the servants, agents or employees of Valley Water. Except as expressly provided in this

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Agreement, Valley Water exercises no direction, supervision or control over Consultant, its employees, agents, or Subconsultants.

11. Standard of Care

A. Consultant must possess and maintain during the term of this Agreement all certifications, licenses, permits, and qualifications to perform the Services and prepare all deliverables. Consultant must perform all Services and prepare all deliverables in accordance with those standards and practices of care, skill, and diligence that are generally recognized and customarily observed by competent persons in Consultant's area of specialty in the State of California at the time such Services are rendered.

B. Consultant shall perform the Services and prepare all deliverables without any errors or omissions, and in accordance with Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

C. Consultant and its Subconsultants must perform the Services in compliance with all applicable written federal, state and local codes, statutes, laws, regulations, and ordinances, including, but not limited to, environmental, energy conservation, and disabled access requirements as per the provisions of Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

SECTION THREE

DUTIES OF VALLEY WATER

1. Available Data

Valley Water will make available to Consultant all data and information in its possession and control and which it deems necessary to the preparation of the deliverables specified in the Schedule. Valley Water will actively aid and assist Consultant in obtaining such information from other agencies and individuals as it deems necessary. Valley Water is not responsible for providing data and information that it does not possess.

2. Review of Deliverables

A. Valley Water will designate a Project Manager (Valley Water Project Manager or Authorized Representative) for purposes of administering and managing this Agreement.

B. Consultant's progress in completing the Services will be reviewed by Valley Water Project Manager at each milestone identified in an executed Task Order or at such other time(s) at the discretion of Valley Water.

C. Consultant must notify Valley Water in writing when it completes and has submitted to Valley Water each deliverable as per an executed Task Order. Deliverables deemed satisfactory and in compliance with this Agreement are subject to approval by Valley

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Water. Within 30 calendar days of receipt of each deliverable, Valley Water will either (1) notify Consultant that Valley Water accepts the deliverable, or (2) notify Consultant that the deliverable is not acceptable and must be revised.

D. If Valley Water advises Consultant that a deliverable must be revised due to errors or omissions by Consultant, Consultant must correct, at no cost to Valley Water, those deficiencies as soon as possible and shall notify Valley Water upon completion of the revised deliverable and submit to Valley Water.

E. Valley Water will then review the revised deliverable and within 30 calendar days of receipt, advise Consultant if the revised deliverable is acceptable. All deficient deliverables will be revised at no cost to Valley Water and this process will continue until Consultant has corrected all deficiencies identified by Valley Water.

F. None of the proposed changes or revisions or anything else in this Agreement will be construed to relieve Consultant of professional or legal responsibility for the performance of the Services as otherwise required by the Terms and Conditions of this Agreement. Corrections to any deliverable as a result of Consultant's errors or omissions, as determined by Valley Water, will not result in additional costs or expenses to Valley Water.

3. Access to Valley Water Facilities

Valley Water will facilitate access to Valley Water facilities as required for Consultant to perform the Services.

SECTION FOUR

FEES AND PAYMENTS

1. Total Fixed Not-to-Exceed Fees

A. Payment for all Services performed by Consultant to the satisfaction of Valley Water, as described in the Schedule will be based on the hourly rates, subject to the Total Fixed Not-to-Exceed (NTE) Fees stated in the Schedule, Attachment One, Fees and Payments. Valley Water will make payments to Consultant according to the terms provided for herein and in the Schedule, Attachment One, Fees and Payments. Payments made by Valley Water to Consultant for Services rendered will be considered full compensation for all personnel, materials, supplies, Subconsultant(s), equipment, and reimbursable expenses, incurred by Consultant to perform the Services. All Service requests will be made by Valley Water on an as-needed basis, subject to future Task Order(s) executed by Valley Water and Consultant.

B. It is understood and agreed that there is no guarantee, either expressed or implied, as to the actual dollar amount, if any, of services that will be authorized under this Agreement, and that Valley Water is not obligated to request any service(s) from Consultant at all. However, in valuable consideration for Consultant's agreement to be on-call to perform services for Valley Water upon request with no minimum guaranteed amount of work,

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Valley Water will pay Consultant Five Hundred Dollars ($500) on or before the expiration of this Agreement if Valley Water has not requested to utilize Consultant's services during the agreement term.

C. The Schedule, Attachment One, Fees and Payments, sets forth the hourly rates and NTE fee, if any, for Services Consultant may perform pursuant to an executed Task Order.

D. Services to be performed pursuant to a Task Order will commence only after written approval by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms, and Consultant's authorized representative.

E. Notwithstanding any other provision of this Agreement, Valley Water agrees to pay Consultant in accordance with the terms set forth in an executed Task Order. Consultant represents and warrants that the amounts charged to Valley Water for Services do not exceed the amounts normally charged by Consultant to other customers for similar Services.

F. Upon the written approval of Valley Water, the Services described in a Task Order task may be reduced, revised, or deleted.

G. Automobile travel mileage expenses will be paid at the current Internal Revenue Service (IRS) rate. Valley Water will not reimburse Consultant nor its Subconsultants for mileage nor travel time to and from Valley Water Headquarters and surrounding campus located at 5700 Almaden Expressway, San Jose, California. However, Valley Water will reimburse Consultant and its Subconsultants for mileage incurred from Valley Water Headquarters or Consultant's and Subconsultants' firm addresses, whichever is closer to the destination, to Project site(s) and, if directed or authorized by Valley Water, to meeting locations such as with regulatory agencies, for community outreach activities and meetings, for partnering meetings, and Dispute Review Board meetings.

2. Consultant Invoices

A. Consultant's invoices will be prepared in accordance with the terms of this Agreement, Section Four, Fees and Payments, and represent Services performed and reimbursable costs incurred during the identified billing period. Invoices must be consistent with Scope of Services and executed Task Orders; and include the following:

1) Employee classification and name itemized with all labor charges by Service task;

2) Summary of the amount Consultant has been billed by their Subconsultants and further detailed by Service task;

3) A description of the site where Services were performed, if applicable;

4) The name of Valley Water staff requesting Services;

5) The dates when Services were performed;

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6) Other direct charges and reimbursable expenses by Task Order task;

7) Other direct charges and expenses must reflect actual fees versus the Task Order not-to-exceed fees as stated in the Schedule(s), Attachment One, Fees and Payments, and/or Task Orders;

8) Level of Small Business (SB) participation, if applicable, documenting the level of SB participation for each Task Order;

9) The total amount due for completing the Services specified in that Task Order, which must not exceed the not-to-exceed amount specified in that Task Order; and

10) To the extent that Consultant is adding an administrative, processing, overhead or mark-up fee, Valley Water will not pay for such duplication of costs for both Consultant and its Subconsultants.

B. Before submitting monthly invoices, a draft invoice (in Adobe PDF format) will be provided in electronic format by the Consultant for preliminary review by Valley Water Project Manager. Upon preliminary approval by Valley Water, Consultant will email the complete, signed, and dated electronic copy invoice, including all supporting documentation. Valley Water's preliminary review of the draft invoice does not represent final approval of the electronic copy invoice, but is intended to reduce potential for re-submittals of electronic copy invoice by Consultant.

C. Invoices will include a summary of labor expenditures, direct costs, and billed Subconsultant charges. Invoices will be organized such that the billing categories correspond with the Task Order.

D. Notwithstanding language to the contrary in an executed Task Order, Consultant must invoice Valley Water for a Task Order within 30 calendar days of Valley Water accepting the deliverables of that Task Order.

E. Consultant shall submit all invoices through Projectmates or other document control system designated by Valley Water. All inquiries regarding Projectmates must be directed to Valley Water's Capital Project Management and Project Controls Program (CPMPC@valleywater.org). Consultant must also ensure that each invoice and corresponding attachments contain the following information:

1) Agreement number;

2) Consultant Invoice number in the following format: Agreement Number followed by a three-digit consecutive numbering sequence and separated by a period. For example, A1234A.001, A1234A.002, etc.

3) Task Order number;

4) Full legal name of Consultant/Firm;

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5) Payment remit-to address;

6) Invoice date (the date invoice is emailed);

7) Detailed description of Services provided, including the "distribution account(s)" for those Services;

8) Number of hours spent by each person performing services and a brief description of the Services performed by each person; and

9) Beginning and end date for billing period that services were provided.

F. Consultant shall invoice for its performance of the Services as stated in an executed Task Order on a monthly basis consistent with the task fee breakdown stated in the Task Order(s), Attachment A. Unless otherwise specified in a Task order, Consultant will be paid for the Services as described in an executed Task Order.

G. Valley Water Project Manager will review Consultant's written invoice within five Valley Water business days of receipt, address any questions with Consultant's Contact/Principal Officer and approve the undisputed amount of the invoice within ten working days of receipt of the invoice. Valley Water will pay undisputed invoice amounts within 30 calendar days from date invoice is received by Valley Water Project Manager.

H. Invoice Disputes

1) Valley Water may in good faith assert a bona fide dispute as to all or a portion of fees specified in any invoice. If any portion of an amount due to Consultant pursuant to this Agreement is subject to a bona fide dispute between the Parties, within 30 calendar days of Consultant's submission of an invoice in which a disputed amount is included, Valley Water will notify Consultant in writing of the specific items in dispute, and will describe Valley Water's reason(s) for disputing each such item.

2) Consultant and Valley Water Project Manager must act in good faith to resolve the dispute in a timely manner. If the dispute is not resolved by Consultant and Valley Water Project Manager within 30 calendar days of Consultant receiving Valley Water's written notice of dispute, Consultant and Valley Water will attempt to resolve the dispute pursuant to the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

I. Consultant's Services will be performed by its staff members and Subconsultants' staff members at the lowest hourly and unit rates commensurate with the complexity of the required Services.

J. Consultant shall ensure that its personnel performing services pursuant to this Agreement document their time doing so.

3. Prevailing Wages [NOT USED]

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A. A portion of the Services to be performed pursuant to this Agreement may be considered "Public Works" subject to California Labor Code §1771, et. seq. and the applicable implementing regulations. If Consultant's Services includes such work, Consultant and its Subconsultants must comply with all Labor Codes applicable to prevailing wages.

B. Labor Code §1720 provides as follows:

"(a) As used in this chapter, "public works" means all of the following:

(1) Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public authority. For purposes of this paragraph, "construction" includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, "installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems."

C. Consultant and its Subconsultants shall not engage in the performance of public work, as defined in California Labor Code §1771.1, unless currently registered and qualified to perform public work pursuant to California Labor Code §1725.5.

D. The General Prevailing Wage Rates issued by the California Department of Industrial Relations may be adjusted by the State throughout the term of this Agreement. Notwithstanding any other provision of this Agreement, Consultant will not be entitled to any adjustment in compensation rates in the event there are adjustments to the General Prevailing Wage Rates.

E. This Agreement is subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations. Upon request, Consultant and Subconsultants must furnish the records specified in Labor Code §1776 directly to the Labor Commissioner, in a format prescribed by the Labor Commissioner.

F. All records or documents required to be kept verifying statutory compliance with the prevailing wage requirement, such as certified payroll records, must be made available for audit at no cost to Valley Water, at any time during regular business hours, upon written request by Valley Water. Records and documents to be provided in electronic or hard copy format, at Valley Water's discretion.

G. **California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements**

Prior to Valley Water executing a Task Order for Services involving public works, as defined herein, Consultant, and its Subconsultant(s) performing public works, must provide evidence, in the form required by Valley Water, that Consultant and its

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Subconsultant(s) are in compliance with the California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements.

4. Retention

A. Unless otherwise specified in an executed Task Order, ten percent of each invoice for that Task Order will be withheld by Valley Water and not paid to Consultant until 30 calendar days after the assigned Valley Water representative signs the final approval for all Services/deliverables as stated in the executed Task Order, consistent with Section Three, Duties of Valley Water, subsection 2. Review of Deliverables.

B. Consultant may request, and Valley Water may consider and approve, release of retention withheld by Valley Water.

SECTION FIVE

SCHEDULE OF COMPLETION

1. Performance of Tasks

Consultant will commence performing the tasks described in the Scope of Services of an executed Task Order upon receipt of the Task Order Notice to Proceed (NTP) issued by Valley Water.

2. Task Order Schedule

Consultant will perform and complete the Services in accordance with the schedule (Schedule) as described in each Task Order. Consultant will coordinate Services with Valley Water to provide the timeline of all tasks and subtasks including the site visits, document review, meetings, and deliverables.

3. Project Delays

Consultant will make all reasonable efforts to comply with the Schedule as stated in a Task Order. In the event the Task Order Schedule will be delayed, Consultant will notify Valley Water Project Manager as soon as possible, providing the reason why, the length of the delay, and a description of the actions being taken to address the delay. In the event Consultant is delayed in performance of its Services by circumstances beyond its control, Valley Water may, at its discretion, grant a reasonable adjustment in the Schedule.

4. Changes to the Schedule

Valley Water's Project Manager and Consultant may agree to modify the Schedule specified for Consultant's performance in an executed Task Order as an administrative modification to the Task Order and will confirm such modifications in writing.

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SECTION SIX

AGREEMENT MODIFICATIONS

The Parties may agree to modify the Terms and Conditions of this Agreement by executing a written amendment hereto.

SECTION SEVEN

TERM AND TERMINATION

1. Term & Automatic Termination

No Task Order will be written which extends beyond the expiration date of this Agreement. Consultant will not undertake to provide Services where it reasonably appears that the Services cannot be performed and completed within the Term of this Agreement. Uncompleted and/or unfinished Task Orders will co-terminate with this Agreement.

2. Valley Water Rights

A. Suspension: Valley Water may, by written notice to Consultant, suspend any or all Services pursuant to this Agreement or to any individual Task Order. Valley Water may subsequently terminate this Agreement or any Task Order for convenience or determine to proceed. If a decision to proceed is not made within 90 days from the date of the notice of suspension, any decision to proceed must be conditioned upon execution of a new Notice to Proceed or Task Order.

B. Termination for Convenience: Valley Water may, by written notice to Consultant, terminate all or part of this Agreement or any Task Order at any time for Valley Water's convenience. Upon receipt of such notice, Consultant will immediately cease all work as specified in the notice. If this Agreement or any Task Order is so terminated, Consultant will be compensated as set forth in Section Seven, Term and Termination, subsection 3. Consultant’s Compensation upon Termination or Suspension.

C. Termination for Breach: If Consultant violates any of the covenants, agreements or stipulations of this Agreement or a Task Order, or if Consultant fails to fulfill in a timely and proper manner its obligations pursuant to this Agreement or any Task Order, and does not cure such failure or violation within 30 days (or a reasonable extension thereof, if requested, which extension will not be unreasonably withheld) after receipt of written notice from Valley Water specifying such failure or violation, Valley Water will thereupon have the right to terminate this Agreement and any or all uncompleted Task Orders by giving written notice to Consultant of such termination. Such notice will specify the effective date thereof, and Consultant will not be entitled to compensation for Services or expenses beyond the specified termination date.

D. If, after notice of termination for breach of this Agreement or any Task Order, it is determined that Consultant did not breach the Agreement or Task Order, the termination will be deemed to have been implemented for Valley Water's convenience, and

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Consultant will receive payment that is allowed by this Agreement for a termination for convenience.

E. The rights and remedies provided herein to Valley Water are in addition to any other rights and remedies provided by law, this Agreement, or a Task Order.

3. Consultant's Compensation upon Termination or Suspension

In the event of termination of this Agreement or any Task Order, or suspension of Services by Valley Water, Consultant shall receive compensation based on satisfactory performance, accepted by Valley Water, as follows:

A. Direct Labor: Consultant shall be entitled to receive compensation for all authorized direct labor performed prior to termination pursuant to the provisions of this Agreement or Task Order and all authorized labor expenses incurred to demobilize from the Project after the date of termination;

B. Other Direct Costs and Expenses: Consultant shall be entitled to receive compensation for all authorized other direct costs and expenses incurred prior to termination and all authorized expenses incurred to demobilize from the Project after the date of termination; and

C. In no event shall the total compensation paid for any item of Service exceed the payment specified in the Agreement or applicable Task Order for that item of Service.

4. **Survival**

The Terms and Conditions of this Agreement, that by their context and a standard of reasonableness, are intended to survive termination, suspension, completion, and expiration of this Agreement, shall survive, including but not limited to, the following Sections and subsections: Independent Contractor Status, Confidentiality, Indemnification, Insurance Requirements, and Dispute Resolution, as well as any Consultant representations and warranties.

SECTION EIGHT

INDEMNIFICATION

1. Notwithstanding any other provision of this Agreement, Consultant agrees to indemnify, defend and hold harmless Valley Water, its agents, officers, directors, and employees from and against any and all demands, claims, damages, losses and reasonable expenses, including but not limited to liabilities, obligations, claims, costs, reasonable expenses (including, without limitation, interest, penalties and reasonable attorney's fees), fines, taxes, levies, imposts, assessment, demands, damages or judgments of any kind or nature, whether in law or equity (including, without limitation, death or injury to any person, property damage, administrative and judicial orders and consents, or any other loss) to the extent they arise out of, pertain to, or relate to Consultant's negligence, recklessness, or willful

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misconduct.

2. The foregoing does not limit any strict liability imposed on Consultant by law. The rights, duties, and obligations of the Parties as set forth above in this Section Eight, Indemnification, survive termination, expiration, completion, and suspension of this Agreement.

SECTION NINE

INSURANCE REQUIREMENTS

Insurance requirements applicable to this Agreement are set forth in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements. Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, all insurance coverages as detailed in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements, and comply with all provisions stated therein.

SECTION TEN

OWNERSHIP AND REUSE OF DELIVERABLES

1. Valley Water Ownership

All deliverables and other materials prepared by Consultant, including computer programs and media developed by Consultant, to perform the Services, during the term of this Agreement, will be and remain the property of Valley Water following payment in full to Consultant for each task or portion of a completed task, or in accordance with Section Seven, Term and Termination. In the event the work is not completed, the completed portions thereof will become the property of Valley Water. Consultant will provide Valley Water with such deliverables and material at appropriate times during this Agreement. Consultant may retain a copy for its records. Consultant does not convey, assign, or transfer the intellectual property rights it has, so as to limit its ability or right to develop, design, or provide services on other projects of or for its other clients.

2. Reuse of Instruments of Service

If Valley Water desires to reuse the completed plans, specifications, or other deliverables, in total or in part, on project sites associated with this Agreement, or any other site, or to complete any incomplete portion of construction documentation which Valley Water has already paid Consultant, Valley Water will release Consultant from any liability incurred by Valley Water from reusing said deliverables.

3. Copies of Data

Copies of data exchanged by, through, and between Valley Water and Consultant that may be relied upon are limited to printed copies. Computer-generated files, disks, or tapes of text, data or graphics that are furnished are only for the mutual convenience of the Parties.

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4. Computer-Generated Material

Any risk of translation or reliance on information obtained or derived from computer-generated material is at the user's sole risk, and no representations are made, either express or implied, as to the long-term performance of data thus transferred.

5. Work for Hire

Any and all original correspondence, memoranda, reports, designs, plans, specifications, data compilations, computer programs, or drawings delivered to Valley Water by Consultant according to the Terms of this Agreement, in or by any medium is deemed to be "work for hire" according to the copyright laws of the United States and the copyright belongs to Valley Water.

6. Copyright Claims

Co-venturers, subcontractors, Subconsultants, suppliers, and vendors to Consultant are likewise bound by these copyright terms. Valley Water makes no copyright claim and requires no release for copyrighted material or trademarked names used incidentally by Consultant.

SECTION ELEVEN

EQUAL OPPORTUNITY

1. Equal Opportunity Employer

Valley Water is an equal opportunity employer and requires its consultants to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, Consultant will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any subcontractor, employee, or applicant for employment in the recruitment, hiring, employment, utilization, promotion, classification or reclassification, transfer, recruitment advertising, evaluation, treatment, demotion, layoff, termination, rates of pay or other forms of compensation, and selection for professional development training (including apprenticeship), or against any other person, on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices), political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

2. Compliance with Applicable Equal Opportunity Laws

Consultant's policy must be in conformance with applicable state and federal guidelines

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including the Federal Equal Opportunity Clause, 41 Code of Federal Regulations, Part 60-1, §60-1.4; Title VII of the Civil Rights Act of 1964 as amended; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973 (§503 and §504); the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.); the California Fair Employment and Housing Act (Government Code §12900 et. seq.); and California Labor Code §1101 and §1102.

3. Investigation of Claims

Consultant must designate a specific position within its organization to be responsible for investigating allegations of non-compliance with the anti-discrimination and anti-harassment provisions of this Agreement. Consultant must conduct a fair, prompt, and thorough investigation of all allegations directed to Consultant by Valley Water. In cases where such investigation results in a finding of discrimination, harassment, or hostile work environment, Consultant must take prompt, effective action against the offender.

SECTION TWELVE

MISCELLANEOUS PROVISIONS

1. Entire Agreement

This Agreement, which includes the Terms and Conditions, Appendices, the Schedule(s), Schedule(s)' Attachments, and all executed Task Orders, represents the entire understanding between the Parties hereto relating to the Services described in this Agreement and its executed Task Orders, which are incorporated herein by this reference, and supersedes any and all prior proposals or agreements, whether written or oral, that may exist between the Parties. This Agreement may not be modified or amended except in writing as stated herein. To the extent that any Schedule conflicts with this Agreement, this Agreement shall control.

2. Formation of Agreement

A. No agreement between the Parties is formed until all applicable actions have been completed to the satisfaction of Valley Water. Valley Water Project Manager will not issue a Notice to Proceed until all required documents have been submitted and accepted by Valley Water.

B. Formation of this Agreement between the Parties requires accomplishment of the following, as applicable:

1) Execution of the Agreement by Consultant;

2) Submission by Consultant, and acceptance by Valley Water, of evidence of all required insurance coverages and documents;

3) Submission by Consultant, and acceptance by Valley Water, of evidence of all required Form 700 documents, if applicable;

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4) Submission by Consultant, and acceptance by Valley Water, of all required Non-Disclosure Agreements (NDA) as provided in the Schedule(s), Attachment Four, Reference Materials, if applicable;

5) Submission by Consultant, and acceptance by Valley Water, of a Health and Safety Plan, if applicable;

6) Any other requirements that are deemed necessary by Valley Water; and

7) Execution of the Agreement by Valley Water.

3. No Assignment

A. The expertise and experience of Consultant are material considerations for Valley Water's award and execution of this Agreement. Consultant will not assign or transfer any interest in this Agreement nor the performance of any of Consultant obligations hereunder, without prior written consent of Valley Water in the form of an amendment executed by the Parties, and any attempt to so assign this Agreement, or any rights, duties or obligations arising hereunder, will be void and of no effect. Any assignment of monies due or to become due in accordance with this Agreement, will be to the extent permitted by law, and will be subject to all proper set-offs, deductions, and withholdings in favor of Valley Water.

B. In no event shall an assignment of any interest in this Agreement release Consultant from its duties and responsibilities as described in this Agreement nor shall Consultant be released from liability created by the provision of Services as described in this Agreement until such assignment takes effect. Any attempted or purported assignment without Valley Water's written consent in the form of an amendment executed by the Parties is null and void.

4. Reasonableness

Discretionary actions or approvals to be performed by the Parties will be exercised in a reasonable manner.

5. Gifts

Consultant hereby acknowledges that Valley Water policy prohibits the acceptance by Valley Water personnel of gifts of any kind from its contractors, consultants, suppliers or vendors. Consultant shall honor this policy by not sending or bringing gifts to Valley Water.

6. Audits

Consultant agrees that Valley Water and its agent(s) have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Consultant agrees to provide Valley Water and its agent(s) with any relevant information requested, in electronic and hard copy format, at Valley Water's discretion, and will permit Valley Water and its agent(s) access to its premises, upon reasonable notice, during normal business hours for the purpose of

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interviewing employees (alternatively, by phone at Valley Water's discretion) and inspecting or copying books, records, accounts, computerized records, and other materials that may be relevant to the matter under investigation or subject to audit, such as by a government agency, providing Valley Water with grant funds to pay for Consultant's services, for the purpose of determining compliance with this Agreement. Consultant further agrees to maintain such records for a period of three years after final payment as provided for in this Agreement.

7. Force Majeure

Neither Party will be held responsible for delays caused by acts beyond its control, such as acts of God or public enemies, utility or communication delays, or failures not caused by such Party's negligence or fault, accidents not caused by such Party's negligence or fault, labor disputes, war, or failure of the other Party to provide data as required pursuant to this Agreement.

8. Binding Effect

This Agreement is binding on the heirs, executors, administrators, successors and assigns of the Parties.

9. Choice of Law and Venue

The Parties agree that this Agreement is to be governed, construed, and enforced in accordance with the laws of the State of California. The Parties also agree that the venue of any litigation arising out of or connected with this Agreement will lie exclusively in the state trial court or Federal District Court located in Santa Clara County in the State of California. The Parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

10. Confidentiality

A. Due to the nature of the services Consultant will provide pursuant to this Agreement, there may be disclosures made to Consultant of detailed information about Valley Water's operations, including on a need-to-know basis information which may be protected from public disclosure by confidentiality laws, the attorney-client privilege, and/or other provisions of law which govern the nature and timing of disclosure of public information.

B. Consultant understands and acknowledges that Valley Water staff members providing information to Consultant do so with the understanding that such information will be handled appropriately.

C. In the event Consultant receives such restricted or confidential information, Consultant will limit access to the information to only those of Consultant's employees, its subcontractors and its Subconsultants authorized by Valley Water to have the information.

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D. Consultant will notify Valley Water immediately of any request by any third party to have access to confidential information and will not disclose the requested information without first receiving express written authorization from Valley Water.

E. Notwithstanding the aforementioned Confidentiality requirements, upon the request of Valley Water Project Manager, Consultant, and its Subconsultants shall execute Valley Water's most current Non-Disclosure Agreement in effect at that time.

F. The requirements stated herein will survive completion, expiration, suspension, and termination of this Agreement.

11. Release of Information Prohibited

Consultant is not permitted to provide any information concerning the Project to the media nor anyone other than authorized Valley Water personnel. Consultant will not release any information pertinent to the Project for publication, public disclosure, or in any other manner without first obtaining clearance and a release in writing from Valley Water. Any media inquiry at any time to Consultant relating to any matter concerning Services provided or requested to be provided pursuant to this Agreement will be referred immediately to Valley Water. Consultant will not communicate with the media regarding any such matter.

12. Conflict of Interest

A. Consultant represents that there exists no actual or potential conflict of interest concerning the services to be performed pursuant to this Agreement.

B. Consultant represents that Consultant's performance required as stated in this Agreement does not require the breach of any agreement or obligation to keep in confidence the proprietary information of another party. Consultant will not bring to Valley Water, or use in the performance of Consultant's duties as described in this Agreement, any materials or documents of another party considered confidential or proprietary unless Consultant has obtained written authorization from such party, and the informed consent of Valley Water, for the possession and use of such materials.

C. Consultant represents and warrants that during the term of the Agreement, Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant shall not act as a Consultant or expert for any party in support of any potential or active claim or legal action against Valley Water by such party.

D. CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION STATEMENT OF ECONOMIC INTEREST FORM 700 ("FORM 700"): Upon Valley Water's request, Consultant employees, officers, agents, Subconsultants, and subcontractors shall complete, execute, and submit a Form 700 as follows:

1) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, shall file, in a manner prescribed by Valley Water, an Assuming Office Statement. The Assuming Office Statement shall

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be filed:

a. Within 30 calendar days of the effective date of this Agreement; or

b. Within 30 calendar days of Consultant hiring, adding, or promoting to a designated filer position, employees, officers, agents, Subconsultants, and subcontractors to perform services pursuant to this Agreement;

2) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, an amendment to their Form 700 any time there is a need to correct or change disclosure information;

3) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file an Annual Statement in a manner prescribed by Valley Water, during the annual filing season, as determined by Valley Water;

4) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, a Leaving Office Statement with Valley Water when one of the following occurs:

a. Upon termination of this Agreement; or

b. Within 30 calendar days of Consultant employees, officers, agents, Subconsultants, and subcontractors vacating a designated filing position (i.e., removed from the Project, promotion, demotion, transfer to non-designated position, end of employment, or as a result of changes in designated filer positions in Valley Water's Conflict of Interest Code);

5) Consultant understands and agrees that its employees, officers, agents, Subconsultants, and subcontractors may be disqualified from providing services to Valley Water pursuant to the California Political Reform Act, Government Code §81000 et. seq. and §1090. If any of Consultant's employees, officers, agents, Subconsultants, and subcontractors are disqualified from providing services, on written notice from Valley Water Project Manager, Consultant will have 15 calendar days to remove said employee(s), officer(s), agent(s), Subconsultant(s)' and subcontractor(s)' employee(s) from the Project and provide a replacement acceptable to Valley Water;

6) The failure of Consultant's employees, officers, agents, Subconsultants, and subcontractors to file an Assuming Office, Annual, Amended, or Leaving Office Statement within the time prescribed by Valley Water is deemed a material breach and may result in termination of the Agreement for cause.

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13. Task Orders

A. All tasks and Services may be assigned to Consultant through issuance of Task Orders. The Valley Water Project Manager will identify and communicate the applicable tasks and services based on the menu of tasks listed in the Scope of Services to be provided to the Consultant. After the tasks and Services are identified and communicated to Consultant by Valley Water Project Manager, Consultant will prepare a proposed Task Order request (see Standard On-Call Consultant Agreement, Appendix Three, Task Order Template). The proposed Task Order must identify the following:

   1) Description of the Services, including deliverables;

   2) The total Not-to-Exceed Fees for Consultant to complete the Services, including estimated number of hours per assigned staff to complete the Services;

   3) Proposed staff that will be assigned to complete the Services, including resumes if not previously provided to Valley Water's Project Manager;

   4) Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

   5) Schedule for completing the Services; and

   6) Copies of applicable state and federal permits required to complete the Services, unless previously provided to Valley Water.

B. Consultant agrees that the Not-to-Exceed Fees specified in a proposed Task Order will be the product of a good faith effort in exercising its professional judgment. After an agreement has been reached on the negotiable items, the finalized Task Order will be signed by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms and Consultant's authorized representative.

C. Consultant must not commence performance of work or services on a Task Order until it has been approved by Valley Water's authorized representative and Notice to Proceed has been issued by Valley Water Project Manager. No payment will be made for any services performed prior to approval or after the period of performance of the Task Order. The period of performance for Task Orders will be in accordance with dates specified in the Task Order. No Task Order will be written which extends beyond the expiration date of this Agreement. The total amount payable by Valley Water for an individual Task Order will not exceed the amount agreed to in the Task Order.

D. Prevailing Wage Requirements: The Scope of Services may be considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages, and Appendix Three, Task Order Template.

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14. Good Neighbor

Valley Water always strives to be a good neighbor to the community adjacent to its facilities. Consultant will ensure that disturbance to neighbors is minimized. Consultant, its staff, and Subconsultants will always interact with the members of the public in a polite and professional manner.

15. Governmental Permits and Notifications

Unless otherwise expressly stated herein or in an executed Task Order, Consultant represents and warrants that it has investigated the need for, and has or will procure, at its cost, and in its own name to the extent allowed by law, all governmental permits, notifications, approvals and inspections required for the performance of the Services. Consultant shall promptly notify Valley Water if any such permit or approval lapses or is modified or revoked. If, pursuant to applicable law, any such permits or approvals must be procured in Valley Water's name, Consultant shall promptly so inform Valley Water and assist Valley Water in obtaining such permits or approvals.

16. Taxes and Benefits

Consultant has full and exclusive liability for the payment of, and Consultant will pay, any and all taxes and contributions for unemployment insurance, retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities and similar benefits and any other employment-related costs, obligations, and duties that may now or hereafter be imposed by law, collective bargaining agreements or otherwise with respect to persons employed by Consultant for the performance of Services pursuant to this Agreement.

17. Nonwaiver of Rights

The failure of either Party to this Agreement to object to or to take affirmative action with respect to any conduct of the other Party that is in violation of the terms of this Agreement will not be construed as a waiver thereof, or as waiver of any future breach or subsequent wrongful conduct.

18. No Third-Party Beneficiaries

Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity, other than the Parties hereto, any legal or equitable right, remedy, or claim under or in respect of this Agreement or any covenants, conditions, or provisions contained herein.

19. Severability

If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.

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20. Debt Limitation

This Agreement is contingent on the appropriation of sufficient funding by Valley Water for the services described in this Agreement. Valley Water is subject to laws or policies which limit its ability to incur debt in future years. Nothing in this Agreement shall constitute an obligation of future legislative bodies of Valley Water to appropriate funds for purposes of this Agreement.

21. Notices

Unless otherwise specified in this Agreement, all requests for written approval or legal notices must be sent to the representatives below. All notices are deemed to have been given when made in writing and when delivered or mailed to the representatives of Valley Water and Consultant at their respective addresses as follows:

VALLEY WATER:

Deputy Operating Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

CONSULTANT:

Consultant Principal Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

22. Appendices

The following list of Standard On-Call Consultant Agreement Appendices are incorporated herein by this reference as though set forth in full:

Appendix One - Additional Legal Terms
Appendix Two - Dispute Resolution
Appendix Three - Task Order Template
Appendix Four - Insurance Requirements

23. Schedules and Attachments

Schedule OC, Scope of Services, and the following listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

(SIGNATURES FOLLOW ON NEXT PAGE)

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IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR CONSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THROUGH THE SIGNATURES OF THEIR DULY AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER DISTRICT
Valley Water

By: _____
Tony Estremera
Chair, Board of Directors

Date: May 12, 2026

ATTEST:

_____
Candice Kwok-Smith
Clerk, Board of Directors

DUDEK
Consultant

By: Signed by: Joseph Monaco 61A12CB5F28F42F...
Joseph Monaco
President and CEO

Date: 5/10/2026

Consultant's Address:
687 S. Coast Highway 101
Suite 110
Encinitas, CA 92024

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
ADDITIONAL LEGAL TERMS

1. Conflict of Interest for Future Services

Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant, [or any of its Subconsultants], shall not submit a proposal:

A. For any agreement to be awarded for [construction management, or the construction] of any project that is related to the Services provided pursuant to this Agreement;

B. In response to any request for proposal or Valley Water solicitation developed or prepared by or with the assistance of Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant; or

C. For any single or sole source products/services related to the Services pursuant to this Agreement or have a financial stake in any single or sole source products/services resulting from this Agreement.

2. Dispute Resolution

If a dispute occurs between the Parties as a result of this Agreement, then the Parties agree to use the Dispute Resolution process outlined in the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

3. Small Business Enterprise (SBE) Outreach Program Participation

This Agreement provides for the Consultant to include California Department of General Services certified Small/Micro Businesses in the performance of the Services, estimated to be 30% or more of the Total Not-to-Exceed Fees stated in the Standard Consultant Agreement, Attachment One Fees and Payments, to the Schedule(s), and Consultant agrees to use its best efforts to meet this goal.

4. Task Order Approvals

A. Services to be performed pursuant to a Task Order may only commence once a specific Notice to Proceed for that Task Order has been issued by Valley Water.

B. Task Orders are subject to approval by Valley Water's Deputy Operating Officer unless delegated to an Assistant Operating Officer and/or Unit Manager.

C. Valley Water Assistant Operating Officer is authorized to approve individual Task Orders in an amount not-to-exceed $[authorization amount]. [NOT USED]

D. Valley Water Unit Manager(s) is authorized to approve individual Task Orders in an amount not-to-exceed $ [Authorization Amount]. [NOT USED]

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E. The total not-to-exceed amount for any one Task Order shall not exceed $ [NOT-TO-EXCEED AMOUNT]. [NOT USED]

F. Consultant must acknowledge receipt and respond to Valley Water's request to submit a Cost Proposal within five (5) business days or within the time specified in Valley Water's request.

G. Upon Valley Water and Consultant's successful negotiation of the Consultant's Cost Proposal, Consultant must submit a Task Order within five (5) business days or within the time specified in Valley Water's request, for Valley Water's approval of the Task Order, and issuance of a Notice-to proceed.

5. Task Order Assignments for Multi-Awards Agreement

Valley Water has retained five (5) separate consultants to perform on-call environmental planning and permitting services during the same timeframe. Task orders will be assigned on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to each of the consultants. Valley Water's Project Manager is responsible for administering the task orders for assigned work among the five (5) firms for the term of the Agreements.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
EXHIBIT A
FEDERAL REQUIREMENTS

1. FEDERAL GRANT REQUIREMENTS

Projects receiving credit assistance must comply with all federal laws and regulations, including environmental compliance and other compliance requirements.

Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are contained herein, and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

In addition, Valley Water is actively seeking state and federal grant funding for the Project. By submitting a proposal, Consultant agrees to comply with all applicable state and federal funding requirements and pertinent laws, regulations, and policies, including, but not limited to the Uniform Guidance for Federal Awards (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (April 30, 2026), prevailing wage, and Build America, Buy America. Specific agency-level guidance and requirements may also apply.

2. DEBARMENT AND SUSPENSION

Consultant certifies that it will not knowingly enter into a contract with anyone who is ineligible under the 2 CFR part 180 and part 1532 (per Executive Order 12549, 51 FR 6370, February 21, 1986) or who is prohibited under Section 306 of the Clean Air Act or Section 508 of the Clean Water Act to participate in the Project. Suspension and debarment information can be assessed at http://www.sam.gov. Consultant represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its subcontracts under this Agreement.

3. FEDERAL LOBBYING RESTRICTIONS (31 U.S.C. 1352)

Recipients of federal financial assistance may not pay any person for influencing or attempting to influence any officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, continuation, renewal, amendment, or modification of a federal grant loan, or contract. These requirements are implemented for USEPA in 40 CFR Part 34, which also describes types of activities, such as legislative liaison activities and professional and technical services, which are not subject to this prohibition. Upon award of this contract, Consultant shall complete and

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submit to Valley Water the Certification Regarding Lobbying form (https://www.epa.gov/system/files/documents/2021-08/epa_form_6600_06.pdf) and Disclosure of Lobbying Activities form (https://www.epa.gov/grants/sf-lll-disclosure-lobbying-activities) found in Appendix A and Appendix B to 40 CFR Part 34. Consultant shall also require all subcontractors and suppliers of any tier awarded a subcontract over $100,000 to similarly complete and submit the certification and disclosure forms to Valley Water pursuant to the process set forth in 40 CFR 34.110.

4. CIVIL RIGHTS OBLIGATIONS

Consultant shall comply with the following federal non-discrimination requirements:

a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP). (424 U.S.C. 2000D, et. seq)

b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities. (29 U.S.C. 794, supplemented by EO 11914, 41 FR 17871, April 29, 1976 and EO 11250, 30 FR 13003, October 13, 1965)

c. The Age Discrimination Act of 1975, which prohibits age discrimination. (42 U.S.C. 6101 et. seq)

d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.

e. 40 CFR Part 7, as it relates to the foregoing.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX TWO
DISPUTE RESOLUTION

1. Consultant's Questions and Concerns

Questions regarding the Terms, Conditions, and Services relating to this Agreement will be decided by Valley Water who will furnish the decisions to Consultant in writing within 30 days after receiving a written request from Consultant.

2. Dispute Resolution

A. Alternate Dispute Resolution

Valley Water intends to use Alternate Dispute Resolution (ADR) techniques including partnering and mediation to resolve disputes relating to the Project.

B. Consultant and its Subconsultants are expected to participate in all ADR efforts.

C. The cost of partnering, training facilities, and facilitator will be paid for by Valley Water, unless the Parties agree otherwise.

3. Negotiations Before and During Mediation

Negotiations to resolve disputes before and during mediation are initiated for settlement purposes only, are confidential, and are not binding unless otherwise agreed by Valley Water and Consultant.

4. Voluntary Mediation

A. Initiation of Mediation

Any Party to a dispute or claim may initiate mediation by notifying the other Party or Parties in writing.

B. Request for Mediation

A request for mediation must contain a brief written statement of the nature of the dispute or claim, and the names, addresses, and phone numbers of all parties to the dispute or claim, and those who will represent them, if any, in the mediation.

C. Selection of Mediator

1) Upon receipt of a written request for mediation, unless otherwise agreed by the Parties, within 14 days, the Parties will confer to select an appropriate mediator agreeable to all Parties.

2) If the Parties cannot agree on a mediator, they hereby agree to accept a mediator appointed by a recognized association such as the American Arbitration Association.

D. Qualifications of a Mediator

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1) Any mediator selected must have expertise in the area of the dispute and be knowledgeable in the mediation process.
2) No person shall serve as a mediator in any dispute in which that person has any financial or personal interest in the result of the mediation.

3) Before accepting an appointment, the prospective mediator must disclose any circumstances likely to create a presumption of bias or prevent a prompt meeting with the Parties. Upon receipt of such information, the Parties will confer and decide whether to select another mediator.

E. Vacancies

If any mediator becomes unwilling or unable to serve, another mediator will be selected unless the Parties agree otherwise.

F. Representation

1) Any Party may be represented by person(s) of their choice who must have full authority to negotiate.

2) The names and addresses of such person(s) must be communicated in writing to both Parties and to the mediator.

G. Time and Place of Mediation

1) The mediator will set the time of each mediation session.

2) The mediation will be held at a convenient location agreeable to the mediator and the Parties, as determined by the mediator.

3) All reasonable efforts will be made by the Parties and the mediator to schedule the first session within 60 days after selection of the mediator.

H. Identification of Matters in Dispute

1) Parties shall comply with the process as required by the mediator with regard to providing the mediator with a memorandum setting forth its position with regard to the issues that need to be resolved. At the discretion of the mediator, or otherwise agreed by the Parties, the Parties may mutually exchange such memoranda.

2) At the first session, the Parties will be expected to produce all information reasonably required for the Mediator to understand the issue(s) presented. The mediator may require each Party to supplement such information.

I. Authority of Mediator

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1) The mediator does not have authority to impose a settlement on the Parties but will attempt to assist the Parties in reaching a satisfactory resolution of their dispute.

2) The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement.

3) Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the dispute, provided the Parties agree and assume the expenses of obtaining such advice. Arrangements for obtaining such advice will be made by the mediator or the Parties, as determined by the mediator.

4) The mediator is authorized to end the mediation whenever, in the mediator's judgment, further efforts at mediation would not contribute to a resolution of the dispute between the Parties.

J. Privacy

1) Mediation sessions are private.

2) The Parties and their representatives may attend mediation sessions.

3) Other persons may attend only with the permission of the Parties and with the consent of the mediator.

K. Confidentiality

Except as provided by California or federal law or regulation:

1) The mediator will not divulge confidential information disclosed to a mediator by the Parties or by witnesses in the course of the mediation.

2) All records, reports, or other documents received by a mediator while serving as mediator, are confidential.

3) The mediator must not be compelled to divulge such records or to testify in regard to the mediation in any adversary proceeding or judicial forum.

4) The Parties must maintain the confidentiality of the mediation and must not rely on, or introduce as evidence in any arbitration, judicial or other proceedings:

a. Views expressed, or suggestions made by the other Party with respect to a possible settlement of the dispute;

b. Statements made by the other Party in the course of the mediation proceedings;

c. Proposals made or views expressed by the mediator; and

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d. Whether the other Party had or had not indicated willingness to accept a proposal for settlement made by the mediator.

L. No Stenographic Record

There shall be no stenographic record of the mediation.

M. Termination of Mediation

The mediation shall be terminated:

1) By the execution of a Settlement Agreement by the Parties;

2) By a written declaration of the mediator to the effect that further efforts at mediation are no longer worthwhile; or

3) By a written declaration of a Party or Parties to the effect that the mediation proceedings are terminated.

N. Exclusion of Liability

No mediator shall be a necessary Party in judicial proceedings related to the mediation.

O. Interpretation and Application of These Mediation Provisions

The mediator will interpret and apply these mediation provisions insofar as they relate to the mediator's duties and responsibility.

P. Expenses

1) The expenses of witnesses for each Party must be paid by the Party producing the witnesses.

2) All other expenses of the mediation, including required travel and other expenses of the mediator, and the expenses of any witness called by the mediator, or the cost of any proofs or expert advice produced at the direct request of the mediator, will be apportioned as the mediator finds appropriate or as otherwise agreed to by the Parties.

5. Compensation for Participation in Mediation

Neither Consultant nor Valley Water is entitled to compensation for time spent in or for negotiations or mediation to resolve questions or disputes between Consultant and Valley Water arising out of this Agreement.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX THREE
TASK ORDER TEMPLATE

Task Order No. _____

Title: _____

Agreement: Standard On-Call Consultant Agreement _____ (Agreement) by and between the Santa Clara Valley Water District (Valley Water) and _____ (Consultant), dated _____.

Valley Water: _____

Consultant: _____

Dollar Amount of Task Order: Not-to-Exceed $_____

1. Upon full execution of this Task Order No. _____, as set forth in the Standard On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders, and the issuance of a Notice to Proceed by the Valley Water Project Manager, Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by Consultant before this Task Order is executed or before the issuance of the Notice to Proceed will be considered outside the contracted Scope of Services and will not be eligible for payment.

2. Both the Scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:

   A. Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to Valley Water;

   B. The total not-to-exceed fees amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification;

   C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

   D. The distribution detail for each service, direct cost, and reimbursable expense. This information must be included in the invoice for the services authorized pursuant to this Task Order; and

   E. Project schedule for completing the Scope of Services.

3. Consultant shall be compensated at fixed fees or at the hourly rates established in Schedule OC, Attachment One, Fees and Payments. Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.

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4. This Task Order becomes effective on the date of full execution by authorized representatives of the Parties and remains in effect until the earlier of: completion of the tasks set forth in Attachment A or [expected completion date].

5. Copies of applicable local, state and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless Consultant previously provided the appropriate permits to Valley Water.

6. Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the Terms and Conditions of the Agreement.

7. Prevailing Wage Requirements [NOT USED]

   A. The Scope of Services described in this Task Order is considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages.

   B. In accordance with prevailing wage laws, the Director of the California Department of Industrial Relations (Director) has ascertained the general prevailing rate of wages and employer payments for health and welfare, pension, vacation, and similar purposes available to the particular craft, classification, or type of workers employed on the Project. These rates are set forth in the latest determination obtained from the Director, which is on file in Valley Water's Office of the Clerk of the Board of Directors and incorporated herein by reference the same as though set forth in full. The rates are also available on the State of California Department of Industrial Relations website at http://www.dir.ca.gov.

8. Signatures:

Signature: _____ _____
[NAME OF CONSULTANT FIRM] DATE
[PRINT NAME]
[PRINT TITLE]

Signature: _____ _____
SANTA CLARA VALLEY WATER DISTRICT DATE
[PRINT NAME]
[PRINT TITLE]

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Please Note: Failure to comply with the instructions below could result in a delay in receiving the Notice to Proceed. Santa Clara Valley District ("District" or "Valley Water"), will not be responsible for time lost or costs incurred due to failure to comply with these requirements. Please note the checklist of documents needed at the end of this document.

Without limiting the Consultant's indemnification of, or liability to, Valley Water, the Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions as listed below.

Consultant must provide its insurance broker(s)/agent(s) with a copy of these requirements and warrants that these requirements have been reviewed by Consultant's insurance agent(s) and/or broker(s), who have been instructed by Consultant to procure the insurance coverage required herein.

In addition to certificates, Consultant must furnish Valley Water with copies of all original endorsements affecting coverage required by this document. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All endorsements and certificates are to be received and approved by Valley Water before the Agreement is executed**. In the event of a claim or dispute, Valley Water has the right to require Consultant's insurer to provide complete, certified copies of all required pertinent insurance policies, including endorsements affecting the coverage required by this document.

If your insurance broker has any questions about the above requirements, please advise him/her to email Valley Water Risk Manager at RiskManager@valleywater.org.

Certificates of Insurance

The consultant shall furnish Valley Water with a Certificate of Insurance. The certificates will be issued on a standard ACORD Form.

Consultant shall instruct their insurance broker/agent to submit all insurance certificates and required notices electronically in PDF format to the designated Valley Water Contract Administrator and email a copy to **certificatesupport@evidentid.com**. The certificates will:

1. Identify the underwriters, the types of insurance, the insurance limits, the deductibles and the policy term.
2. Include copies of all the actual policy endorsements required herein; and
3. In the "Certificate Holder" box include:

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118
Agreement No. XXXXX
PlanetBid No. VW0594

IMPORTANT: The Agreement number and/or PlanetBid number must be included.

In the Description of Operations/Locations/Vehicles/Special Items Box:

1. Certificate Holder shall be named as Additional Insured, and any other policy endorsement required in the contract, for example, Waiver of Subrogation and Primary and Non-Contributory shall be stated.
2. Valley Water agreement or project number shall appear.
3. The list of policies scheduled as underlying on the Umbrella policy shall be listed.

If Consultant receives any notice that any of the insurance policies required by this document may be cancelled or coverage reduced for any reason whatsoever, Consultant or insurer shall provide written notice to the designated Valley Water Contract Administrator that such insurance policy required is canceled or coverage is reduced.

Maintenance of Insurance

If Consultant fails to maintain such insurance as is called for herein, Valley Water, at its option, may suspend payment for work performed and/or may order Consultant to suspend all Consultant's work at Consultant's expense until a new policy of insurance is in effect.

Renewal of Insurance

Consultant will provide Valley Water with a current Certificate of Insurance and endorsements thirty (30) business days prior to the expiration of insurance.

Consultant shall instruct its insurance broker/agent to:

1. Submit all renewals of insurance certificates and required notices electronically in PDF format to: **certificatesupport@evidentid.com** .

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2. Provide the following information in the "Certificate Holder" box:

   Santa Clara Valley Water District
   5750 Almaden Expressway
   San Jose, CA 95118
   Agreement No. XXXXX
   PlanetBid No. VW0594

   IMPORTANT: The Agreement number and/or PlanetBid number must be included.

Consultant must, at its sole cost and expense, procure and maintain during the entire period of this Agreement, or for such other time as required herein, the following minimum insurance coverage(s).

Required Coverages

1. **Commercial General/Business Liability Insurance** which shall be written on an occurrence basis with coverage as indicated below:

   $2,000,000 per occurrence / **$2,000,000** aggregate limits for bodily injury, personal and advertising injury, and property damage.

   General Liability insurance must include without limitation:

   a. Be written on standard ISO forms or inspected and approved by the Risk Manager.
   b. Include coverage at least as broad as found in standard ISO form CG 00 01.
   c. Contractual Liability expressly including liability assumed under this contract.
   d. Severability of Interest provision.
   e. Products-Completed Operations coverage.
   f. Broad Form Property Damage liability
   g. Include Premise and Operations
   h. An endorsement covering damage to property in the care, custody, or control of the Consultant.

2. **Business Auto Liability Insurance** with coverage as indicated:

   $1,000,000 combined single limit for bodily injury and property damage per occurrence, covering all owned, non-owned and hired vehicles.

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3. **Professional/Errors and Omissions Liability** with coverage shall include without limitation:

   $1,000,000 per claim/ **$2,000,000** aggregate.
   If the policy has a self-insured retention (SIR), it shall not exceed one hundred thousand dollars ($100,000), unless expressly approved by Valley Water.

   Professional/Errors and Omission Liability appropriate to the Consultant's profession, and the policy shall include:

   a. Covers claims related to errors, omissions, or negligence in the delivery of professional services.
   b. Includes defense costs, settlements and judgements arising from covered claims.
   c. Coverage may be written on a claims-made form. If coverage is on a claims-made basis, the coverage must be maintained for at least 5 years after all Services under this Agreement are complete.
   d. To the fullest extent permitted by law, contractual liability coverage for liability assumed under contract, for the indemnity obligations forth in this Agreement.
   e. The policy must have a retroactive date which is the same as or predates the execution of this Agreement.

4. **Workers' Compensation and Employer's Liability Insurance**

   Statutory California Workers' Compensation coverage covering all work to be performed for Valley Water.

   Employer Liability coverage for not less than $1,000,000 each accident; $1,000,000 policy limit bodily injury by disease; $1,000,000 each employee bodily injury by disease.

5. **Cyber Liability**

   $1,000,000 per claim/ **$2,000,000** aggregate.

   a. Liability arising from the unauthorized access to, disclosure, acquisition, loss, dissemination and/or use of Confidential Information. For purposes of this section, "Confidential Information" shall include but not limited to, personally identifiable information (PII), protected health information (PHI), financial accountant information, security codes, access codes, passwords, security codes

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or personal identification numbers (PINS), and any other information protected by the Agreement or applicable privacy laws;

b. Costs arising from mandatory or contractual notifications related to unauthorized access, disclosure, acquisition, loss, or use of confidential information and related mitigation costs, including but not limited to, credit monitoring, identity theft protection services, call center support, forensic investigation, legal fees, and regulatory fines or penalties imposed under the California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), or other applicable privacy and data protection laws;
c. Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks and ransomware coverage.
d. Liability arising from the introduction of a computer virus into or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network, or similarly related property and the data, software and programs thereon.
e. Certificate of Insurance shall clearly state that the coverage is claims-made.
f. Policy retroactive date must coincide with or precede the Consultant's start of work (including subsequent policies purchased as renewals or replacements).
g. Policy must allow for reporting of circumstances or incidents that might give rise to future claims.
h. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.

General Requirements

With respect to all coverages noted above, the following additional requirements apply:

1. **Additional Insured Endorsement(s):** Consultant must provide an additional insured endorsement for Commercial General/Business Liability (for both on-going and completed operations) Pollution Liability, and Business Automobile liability coverage naming **Valley Water, its Directors, officers, employees, and agents, individually and collectively,** as additional insureds, and must provide coverage for acts, omissions, and negligence arising out of the named insureds' activities and work. Other public entities may also be added to the additional insured endorsement as applicable, and the Consultant will be notified of such requirement(s) by Valley Water. This section does not apply to the Workers' Compensation, Cyber Liability, and Professional Liability policies.

   (**NOTE:** Additional insurance on the Certificate of Insurance is **NOT** acceptable without separate endorsement such as Form CG 20 10, CG 2033, CG 2037, CG 2038, and

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applicable endorsements for Waivers of Subrogation (CG 24 04) and Primary & Non-contributory (CG 20 01). Editions dated 07/04 are not acceptable.)

2. **Primacy Clause:** Except for Workers' Compensation and Professional Liability, Consultant will provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that consultant's insurance is primary with respect to any other insurance which may be carried by Valley Water, its Directors, its officers, agents and employees, and Valley Water's coverage must not be called upon to contribute or share in the loss. **NOTE:** This section does not apply to the Workers' Compensation or Professional Liability policies.

3. **Cancellation Clause**: Consultant or its insurer shall provide at least thirty (30) days prior written notice to Valley Water of cancellation of any insurance required under this Agreement.

4. **Acceptability of Insurers:** All coverages must be issued by companies admitted to conduct business in the State of California, which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by Valley Water's Risk Manager. Non-Admitted companies may be substituted on a very limited basis at the Risk Manager's sole discretion.

5. **Self-Insured Retentions or Deductibles:** Any deductibles or self-insured retentions must be declared to and approved by Valley Water. At the option of Valley Water, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Valley Water, its officers, officials, employees and volunteers; or the Consultant shall provide evidence satisfactory to Valley Water of its financial ability to satisfy the SIR. Consultant agrees that in the event of a claim they will pay down any agreed upon SIR in a prompt manner as soon as bills are incurred in order to trigger the insurance related to the SIR.

6. **Subconsultants:** The Consultant shall secure, maintain or shall be responsible for ensuring that all subconsultants performing the Contract Services secure and maintain all insurance coverages appropriate to their tier and scope of work in a form and from insurance companies reasonably acceptable to Valley Water.

7. **Amount of Liability not Limited to Amount of Insurance:** The insurance procured by Consultant for the benefit of Valley Water must not be deemed to release or limit any liability of Consultant. Damages recoverable by Valley Water for any liability of Consultant must, in any event, not be limited by the amount of the required insurance coverage.

8. **Coverage to be Occurrence Based: Except** for Professional Liability and Pollution Liability, all coverage must be occurrence-based coverage. Claims-made coverage is not

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allowed.

9. **Waiver of Subrogation:** Consultant agrees to waive subrogation against Valley Water to the extent any loss suffered by Consultant is covered by any Commercial General Liability policy, Automobile policy, Workers' Compensation, and Pollution Liability policy described in **Required Coverages** above. Consultant agrees to advise its broker/agent/insurer and agrees to provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that subrogation has been waived by its insurer.

10. **Severability of Interest**. Except for Workers' Compensation and Professional Liability, a severability of interest must apply to all the additional insureds, ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability.

11. **Non-compliance:** Valley Water reserves the right to withhold payments to the Consultant in the event of material noncompliance with the insurance requirements outlined above.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

LIST OF DOCUMENTS NEEDED

General Liability:	A.	Limits **($2,000,000/$2,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	

Auto Liability:	A.	Limits **($1,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Umbrella:	A.	Limits ($ enter amount $)	
	B.	Primacy (Endorsement or policy language)	

Workers Comp:	A.	Limits **(Statutory)** Employers' Liability **($1,000,000)**	
	B.	Waiver of Subrogation (Endorsement or policy language)	
	C.	Cancellation Endorsement	
Professional Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

Cyber Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

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SCHEDULE OC
ON-CALL SCOPE OF SERVICES

1. Representatives

A. Valley Water's representatives are as listed below. Unless otherwise provided in this Agreement, all correspondence to Valley Water shall be addressed to Valley Water Project Manager (VWPM).

Michael Martin (VWPM)
Senior Water Resources Specialist
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3095
Email: michaelmartin@valleywater.org

Kurt Lueneburger
Environmental Services Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3055
Email: klueneburger@valleywater.org

John Bourgeois
Deputy Operating Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.2290
Email: jbourbeois@valleywater.org

B. Consultant's Project Manager is as listed below. All Valley Water questions pertaining to this Agreement shall be referred to the Consultant's Project Manager.

Laurie Monarres
Project Manager and Permitting Lead
Dudek
1904 Franklin Street, Suite 600
Oakland CA 94612

Phone: (510) 601-2515
Email: lmonarres@dudek.com

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C. Consultant's Principal Officer for this Agreement is as listed below. As per the Agreement, Section Twelve, Miscellaneous Provisions, subsection 21. Notices, all notices pertaining to this Agreement must be submitted to the Consultant's Principal Officer.

Joseph Monaco
President and CEO
687 S. Coast Highway 101, Suite 110
Encinitas, CA 92024

Phone: (760) 479-4296
Email: jmonaco@dudek.com

2. Scope of Services

A. The Consultant will perform environmental planning and permitting services for Valley Water projects and programs to provide environmental compliance with the California Environmental Quality Act (CEQA) and other state and federal environmental regulations. Consultant's services will be requested on an "as-requested" or "as-needed basis" to assist Valley Water in accomplishing capital, maintenance, replacement, mitigation, and stewardship projects in a timely manner. Valley Water may request services from the Consultant at any time during the term of this Agreement and by staff at different levels of experience and expertise.

B. The scope of On-Call services may include tasks as described below:

1. Project Management
2. Development of goals and objectives, and Project Descriptions
3. Conducting environmental investigations, surveys and studies for environmental factors required by CEQA or NEPA.
4. Providing CEQA and/or NEPA analysis and documentation for Valley Water capital projects and operational programs.
5. Provide assistance with regulatory compliance processes.
6. Development of mitigation plans.

C. Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are attached hereto as Exhibit A,

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Federal Requirements to Appendix One, Additional Legal Terms, and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

3. Agreement Objectives

Valley Water implements capital projects and operational programs to meet its mission in water supply, flood protection, and watershed stewardship. The on-call services provided pursuant to this Agreement will augment the services of Valley Water staff and provide specific environmental planning and permitting expertise as needed.

All services required pursuant to this Agreement will be provided only on an as-needed/as-requested basis by the issuance of a Task Order by Valley Water to the Consultant. A specific scope will be developed for each task order which will define the deliverables for a total not-to-exceed amount. No work is authorized without a task order. The Consultant will perform services on a Task Order basis as authorized by the VWPM, as set forth in the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

4. Background

The mission of Valley Water is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

Valley Water is a public agency providing water supply, flood protection, groundwater management, and stream stewardship by managing an integrated water resources system on behalf of Santa Clara County's 2 million residents. Valley Water manages ten dams and surface water reservoirs, three water treatment plants, a state-of-the-art water quality laboratory, and more than 275 miles of streams. For information about Valley Water, visit www.valleywater.org.

5. Intent

A. Valley Water intends to retain up to five consultants to perform on-call environmental planning and permitting services for a four-year term with the option of a one (1) year extension, if it is in the best interest of Valley Water. Task orders will be issued on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to the selected firms. One or more of the selected firms will start up to one year later to provide flexibility and coverage at the end of the agreement term.
B. The deliverables, number of staff hours and proposed staff for each Task Order will depend on the nature and scope of services requested by Valley Water. The not-to-exceed fees of each Task Order will be negotiated with the services provided.

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C. Consultant may be awarded multiple Task Orders pursuant to this agreement, for the same Valley Water Project.
D. The Consultant will not be eligible to bid on future design services or construction projects for which they provided services if it creates a conflict of interest as discussed below.
E. Conflict of Interest. In addition to Valley Water's General Terms and Conditions, the following will apply with regard to conflict of interest:
   1) Consultant is precluded from performing services for any other entity, or in any other capacity for Valley Water, on the same Valley Water project, for which a Task Order has been issued.
   2) Task Orders will be voided when the Consultant cannot perform the Services due to a conflict of interest.
   3) Consultant must bring any conflict of interest to Valley Water's attention as soon as the Consultant is aware of the potential conflict.
   4) If Consultant is already performing services on a Valley Water project, unrelated to this Agreement, in any capacity, a Task Order related to that project will not be issued pursuant to this Agreement.

6. Assumptions and Requirements

A. General Assumptions and Requirements

1) **Manage Scope of Services**. Consultant shall manage the Scope of Services such that the work is completed within the Not-to-Exceed Fees limit and schedule for each Task Order and ensure that all services and deliverables meet Valley Water and Project requirements.

2) **Deliverable Format**. Consultant shall submit deliverables in both electronic and hardcopy format, if requested. Deliverables shall be submitted in PDF and native (editable) format, including Word documents, Excel spreadsheets, PowerPoint files, Autodesk files, etc. Valley Water may require original copies of signed documents and/or scanned (Adobe PDF) versions.
   a. Valley Water Standardization Requirements
      (1) Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed for each Task Order pursuant to this Agreement.

      (2) Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional

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cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages (for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by the Consultant.

(3) Spatial data shall be provided as requested consistent with Valley Water Standards for GIS Products dated April 2021, or as subsequently amended.

3) **Review of Deliverables**. Valley Water will review and comment on all Project deliverables and forward to the Consultant for revision and preparation of final versions. As determined by Valley Water, some of the deliverables may also be subject to review and comment from regulatory agencies and stakeholders following Valley Water review process.

4) **Valley Water Quality Environmental Management System**. Valley Water maintains a Quality Environmental Management System (QEMS) which has procedures, guidelines, and work instructions for the performance of various Valley Water work. If requested, Consultant will perform the applicable Agreement tasks and/or subtasks in accordance with the QEMS framework. In such situations, the VWPM will provide the Consultant with the specific QEMS procedure, guidelines, and/or work instruction prior to the production of deliverables.

5) **Consultant Responsibility**. Consultant, with its expertise in performing the Services described herein, is responsible for making the appropriate assumptions in each task to complete deliverables and to achieve the objectives of this Agreement and for each Task Order.

6) **Document Control.** Consultant is responsible for establishing and maintaining its own document control system to execute this Scope of Services. An internal document control system is maintained by Valley Water.

7) **File Exchange Service.** Consultant will provide a file exchange service, accessible to all parties as designated by Valley Water, to facilitate communications; particularly of large files (over 3 megabytes). Any difficulties using and transmitting information with this exchange service shall be resolved by the Consultant. In the event that transmitting or receiving information does not occur in a timely manner, Valley Water will not be responsible for delays in completing Project work. Consultant may need to coordinate with Valley Water's Information Technology Division to address any firewall issues and/or permissions required to allow for these communications.

8) **Quality Assurance / Quality Control (QA/QC) Program.**

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a. Consultant will develop and implement ongoing, proven QA/QC procedures. Consultant will implement a formal Quality Management Program to ensure that Valley Water receives quality-controlled deliverables. The Program will include quality control checks of calculations and work products, as well as quality assurance reviews and documentation of the quality control process. Consultant's QA/QC procedures will include a review of all deliverables using appropriately qualified technical resources and advisors.

b. The QA/QC procedures must include details and methodology for reviewing documents, including technical memos, and cost estimates. Reviews will be assigned, and sign-off procedures will be documented.

c. Consultant must maintain records that demonstrate that quality reviews were performed on Consultant and Subconsultant deliverables.

7. Scope of Services Tasks Orders

The Valley Water Project Manager will identify and communicate the applicable objectives, tasks, and services for each Task Order to the Consultant which may be based on tasks listed below. With an understanding of the tasks and services required, the Consultant will prepare a draft Task Order proposal in accordance with the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

Project Management

The Consultant shall manage the overall Scope of Services, and services identified for individual Task Orders, such that the work is completed within the not-to-exceed fees limit and in accordance with the Project Schedule stated in each Task Order, while ensuring that all services and deliverables by the Consultant meet Valley Water requirements. The Consultant will identify the project control activities, regular check-in meetings, schedule, QA/QC procedures, and other management and coordination necessary to successfully complete the Task Order. Assumptions and deliverables will be established for each Task Order.

Development of Project Description

Consultant may develop the formal project description of capital projects or operational programs. This work may include:

- Development of problem definitions, goals and objectives
- Analysis of existing data and information or otherwise compiling data and information relevant to the project
- Preparation of base maps and other figures

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- Screening alternatives

Environmental Investigations, Survey, and Studies

Consultant may conduct environmental studies in support of CEQA/NEPA analysis and/or permitting for capital projects or operational programs. Examples of studies that may be requested include (but is not limited to):

- Research and documentation of the regulatory setting.
- Biological Resources – surveys for sensitive species, wetland delineations.
- Noise - noise monitoring, modeling noise impacts from construction equipment and operations.
- Traffic - establishing baseline conditions, modeling trip generation.
- Visual - developing visual simulations or evaluating visual impacts.
- Air Quality – establishing baseline condition, modeling construction related emissions, greenhouse gas emissions, evaluating health risks from emissions.
- Hydrology/Hydraulics - creek flow, flood risk, sediment transport, stormwater.
- Cultural / Tribal Resources – conducting records searches, conducting pedestrian surveys, evaluating historic resources, coordinating monitoring, and preparing cultural resource reports and DPR Forms 523.
- Wildfire – conducting hazard risk assessments.
- Hazards / Hazardous Materials – Records searches and conducting site assessments.
- Socioeconomic factors

Environmental Evaluation

Consultant may prepare environmental analyses in support of capital projects or operational programs. This work may include:

- Providing expert review and technical advice to address special environmental planning needs.
- Preparation of documents required by the California Environmental Quality Act (CEQA) such as Initial Studies, Mitigated Negative Declarations, Environmental Impact Reports, and supplemental and subsequent documents.
- Development of documents under the National Environmental Policy Act (NEPA).
- Support of public outreach under CEQA such as scoping meetings and public hearings.
- Preparation of response to public comments.
- Preparation of findings required under CEQA.
- Preparation and maintenance of the administrative record

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Regulatory Permitting Assistance

Consultant may support natural resource agency regulatory permitting and consultation activities for capital projects or operational programs with the United States Army Corp of Engineers (USACE); United States Fish and Wildlife Service (USFWS); National Marine Fisheries Service (NMFS); Valley Habitat Agency (VHA); California Department of Fish and Wildlife (CDFW); State Office of Historic Preservation (SHPO); Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Boards (RWQCB) and the State Water Resources Control Board (SWRCB). Requested work may include (but is not limited to):

- Preparation of draft and final permit applications and materials, including supporting technical documentation.
- Provide support to Valley Water during permit negotiations. This support may take the form of providing expert review and strategizing with Valley Water, preparing handouts and/or displays, attending meetings to answer questions and/or give short presentations.
- Cultural and Historic Resources permitting and consultation. Under direction of Valley Water, the consultant will develop applicable technical materials for compliance with Section 106 of the National Historic Preservation Officer (SHPO) as applicable.
- Provide documentation associated with Valley Habitat Plan (VHP) compliance requirements including but not limited to ground cover verification, completion of draft and final VHP reporting forms, calculations of applicable fees.

Mitigation Plans

The Consultant may develop mitigation plans, monitoring plans, or similar for projects and programs to meet mitigation and permit requirements.

8. Attachments

The following Standard Consultant Agreement listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

1. Total Authorized Funding

Total payment for Services performed, to the satisfaction of Valley Water, as described in the Schedule(s) will not exceed a total amount of **$3,000,000** Not-to-Exceed Fees or NTE. Under no conditions will the total compensation to the Consultant exceed NTE payment amount without prior written approval in the form of an amendment to this Agreement executed by Valley Water's Board of Directors (Board), or Chief Executive Officer, or designee, as authorized by the Board. The NTE also represents an Aggregate Fee amount that shall apply to each On-Call Agreement awarded for on-call environmental planning and permitting services. There is no guarantee of any particular amount of compensation to Consultant under this Agreement.

2. Terms and Conditions

A. Payments for services performed which applies to the specific Services, will be based on the following terms:

1) Valley Water will pay for Services provided by the Consultant according to the schedule of rates for professional, technical, and administrative personnel as well as materials and supplies as listed below in the Hourly/Unit Rate Schedule.

2) The stated hourly rates are effective for the term of this Agreement unless otherwise revised as indicated. After 12 months from the date this Agreement is entered into by parties ("anniversary date"), and each 12 months thereafter, these hourly rates may be negotiated by the Consultant and Valley Water, provided Consultant submits written notice to Valley Water of Consultant's request to revise the hourly rates 90 calendar days prior to the anniversary date of this Agreement. Both parties will use as a benchmark for negotiations the percent change for the previous 12 months of the "Employment Cost Index (ECI), for total compensation for private industry workers, for the San Francisco-Oakland-San Jose, CA CSA Census region and metropolitan area (not seasonally adjusted)" as published by the U.S. Department of Labor, Bureau of Labor Statistics, or 2%, whichever is less. A negative index will result in rates remaining the same. Such rate revisions are subject to written approval by Valley Water's Deputy Operating Officer.

B. **Reimbursable Expenses**

1) All reimbursable expenses not already covered in overhead may include, but are not limited to, mapping, rendering, printouts, leased equipment, mailing and delivery services, printing services, film and processing, plotting, and supplies. These other direct expenses as approved by Valley Water Project Manager (VWPM) will be billed on a monthly basis at actual cost plus 5% linked to each Agreement Task, provided that the Task total NTE amount is not exceeded. Consultant shall provide detailed receipts for each other direct expense item(s) with monthly invoices submitted. No

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markup will be applied to reimbursable expenses, either by the Consultant or by its subconsultants, subcontractors, or vendors. Consultant shall provide invoices for all such services regardless of cost.

2) Equipment purchased on behalf of Valley Water that costs $50 or more must receive the prior written approval of Valley Water Project Manager (VWPM). All equipment purchased on behalf of Valley Water and paid for by Valley Water shall become the property of Valley Water and be delivered to Valley Water prior to expiration of this Agreement.

3) Travel expenses are reimbursed at actual costs. Travel and overnight accommodations, including per diem, required for performance of this Agreement will be paid at reasonable cost not to exceed the U.S. General Services Agency Per Diem Rates for Sunnyvale/Palo Alto/San Jose, California area, provided prior approval has been obtained from Valley Water Project Manager (VWPM). For air travel, Valley Water will pay the cost of a coach class or equivalent ticket. Where air travel is required, Valley Water will pay the total cost of taxi, rideshare, public transportation, or a rental car, which may include insurance, gas, car fee, and taxes and will be paid at the actual costs incurred. Vehicle rental is limited to a compact or economy model, unless prior approval has been obtained from Valley Water Project Manager (VWPM) for a different type of vehicle.

4) Expenses incurred by the Consultant, including for Subconsultants, subcontractors and vendors, including lab services, will be reimbursed at actual cost plus 5%. Consultant shall provide invoices for all such services regardless of cost. The 5% markup will be applied only once, either by the Consultant or by its subconsultants, subcontractors, or vendors.

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

HOURLY/UNIT RATE TABLE

Classification/STAFF	Hourly/Unit Rate
Consultant: Dudek	
3D Production Manager	$204.07
Analyst I	$103.04
Analyst II	$108.39
Analyst III	$107.43
Analyst IV	$122.19
Analyst V	$146.12
Creative Services IV	$221.40
GIS Analyst III	$137.62
Project Director Engineering	$304.37
Project Director/Environmental	$334.08
Project Hydrogeologist IV/Engineer IV	$213.26
Project Hydrogeologist V/Engineer V	$216.87
Senior Specialist I	$226.66
Senior Specialist II	$229.26
Senior Specialist III	$270.56
Senior Specialist IV	$276.05
Senior Specialist V	$241.54
Specialist I	$134.35
Specialist II	$148.44
Specialist III	$175.37
Specialist IV	$172.36
Specialist V	$197.84
Technical Editor IV	$162.86
Subconsultant(s): Balance Hydrologics	
Senior Principal	$295.49
Principal Engineer	$263.05
Principal Geoscientist / Hydrologist	$253.65
Senior Professional Engineer	$221.37

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

Senior Professional Geoscientist / Hydrologist	$215.55
Project Professional Engineer	$216.69
Project Professional Geoscientist / Hydrologist	$231.29
Senior Staff Professional Engineer	$184.01
Senior Staff Professional Geoscientist / Hydrologist	$171.05
Staff Professional	$148.12
Assistant Professional	$137.69
GIS Senior Analyst	$199.52
Senior Project Administrator	$210.16
Senior Report Specialist	$154.54
Report Specialist	$122.92
Subconsultant(s): CRE	
Principal Biologist	$165.00
Senior Biologist	$156.74
Biological Monitor	$139.32
Subconsultant(s): ZWD	
Principal Landscape Architect	$156.31
Principal Planner / Designer	$156.31
Project Manager	$130.26
Project Designer	$125.05
Assistant Designer	$104.21
Subconsultant(s): JRP Historical	
Principal Architectural Historian - Meta Bunse	$219.33
Principal Architectural Historian - Christopher McMorris	$213.93
Principal Architectural Historian - Bryan Larson	$202.10
Senior Historian / Architectural Historian II	$140.16
Senior Historian / Architectural Historian I	$136.07
Senior Historian / Architectural Historian I (alt)	$112.81
Historian / Architectural Historian III	$105.43
Historian / Architectural Historian II	$97.91
Contracts Manager	$101.74
Graphics / GIS Technician	$93.81

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

Historian / Architectural Historian I	$91.58
Assistant Contracts Manager	$80.09
Research Assistant III	$61.89
Research Assistant II	$59.11

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SCHEDULE EP
ATTACHMENT TWO
SCHEDULE OF COMPLETION

1. This Agreement commences on the Effective Date, subject to accomplishment of all conditions to formation of an agreement listed in the Standard Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 2. Formation of Agreement.

2. This Agreement expires 4 years after the Effective Date, unless Valley Water, at its sole discretion, extends the term of the Agreement by exercising its one (1) one-year option period. An extension of the term of this Agreements must be in the form of a written amendment and signed by both Parties.

3. Each Task Order will state the schedule for Consultant's performance of that Task Order.

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

1. Consultant's key staff assigned to the Project are as follows:

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Laurie Monarres	Project Director/ Environmental	Project Manager	1904 Franklin Street Suite 600 Oakland, California 94612 510.601.2515 lmonarres@dudek.com
Catherine Wade, PhD	Senior Specialist III	Deputy Project Manager	725 Front Street Suite 400 Santa Cruz, California 95060 831.600.1410 cwade@dudek.com
Ann Sansevero	Project Director/ Environmental	CEQA/NEPA Lead	725 Front Street Suite 400 Santa Cruz, California 95060 831.600.1411 asansevero@dudek.com
Brian Grattidge	Senior Specialist IV	CEQA/NEPA Lead	1810 13th Street Suite 110 Sacramento, California 95811 916.438.5312 bgrattidge@dudek.com
Tiffany Hernandez	Senior Specialist V	CEQA/NEPA Lead	725 Front Street, Suite 400, Santa Cruz, California 95060 831.237.0002 thernandez@dudek.com
Katherine Waugh	Senior Specialist IV	CEQA/NEPA Lead	853 Lincoln Way Suite 105 Auburn, California 95603 530.863.4642 kwaugh@dudek.com
Corinne Resha	Senior Specialist III	CEQA/NEPA Lead	1810 13th Street Suite 110 Sacramento, California 95811 916.438.5303 cresha@dudek.com
Matthew Ricketts	Senior Specialist II	Biological Resources Lead	1904 Franklin Street Suite 600 Oakland, California 94612 510.601.2502 mricketts@dudek.com

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ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Emily Scricca	Senior Specialist I	Biological Resources Lead	1904 Franklin Street Suite 600 Oakland, California 94612 510.601.2512 escricca@dudek.com
Mike Henry, PhD	Project Director/Environmental	Biological Resources Lead	853 Lincoln Way Suite 105 Auburn, California 95603 530.863.4654 mhenry@dudek.com
Adam Giacinto	Senior Specialist III	Cultural/Tribal Lead	853 Lincoln Way Suite 105 Auburn, California 95603 949.373.8334 agiacinto@dudek.com
William Burns, RPA	Specialist III	Cultural/Tribal Lead	1904 Franklin Street Suite 600 Oakland, California 94612 760.334.1156 wburns@dudek.com
Ryan Brady, RPA	Senior Specialist I	Cultural/Tribal Lead	725 Front Street Suite 400 Santa Cruz, California 95060 831.600.1414 rbrady@dudek.com
Sarah Brewer, MA, RPA	Specialist I	Cultural/Tribal Lead	725 Front Street Suite 400 Santa Cruz, California 95060 831.600.1401 sbrewer@dudek.com
Kathryn Haley, MA	Senior Specialist I	Built Environment Lead	1810 13th Street Suite 110 Sacramento, California 95811 530.863.4274 khaley@dudek.com
Patricia Ambacher, MA	Specialist V	Built Environment Lead	1810 13th Street Suite 110 Sacramento, California 95811 916.584.7832 pambacher@dudek.com
Monte Kim, PhD	Senior Specialist I	Built Environment Lead	1810 13th Street Suite 110 Sacramento, California 95811 916.584.7823 mkim@dudek.com

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Jonathan Leech, AICP, INCE, PG	Project Director/ Engineering	Noise Lead	1904 Franklin Street Suite 600 Oakland, California 94612 415.416.4660 jleech@dudek.com
Matthew Morales	Senior Specialist III	Air Quality Lead	1810 13th Street Suite 110 Sacramento, California 95811 916.847.9780 mmorales@dudek.com
Sarah Halterman	Specialist IV	GHG Lead	1904 Franklin Street Suite 600 Oakland, California 94612 619.591.1373 shalterman@dudek.com
Dennis Pascua	Project Director/Environmental	Transportation Lead	687 S Coast Highway 101 Suite 110 Encinitas, California 92024 760.479.4256 dpascua@dudek.com
Perry Russell, PG, CEG	Project Hydrogeologist V/Engineer V	Geology/Paleontology/Hydrology Lead	3760 State Street Suite 101 Santa Barbara, California 93101 805.308.8513 prussell@dudek.com
Joshua Saunders, AICP	Senior Specialist II	Aesthetics Lead	687 S Coast Highway 101Suite 110 Encinitas, California 92024 760.479.4283 jsaunders@dudek.com
Scott Eckardt, RPF	Senior Specialist IV	Forestry/Wildfire Lead	853 Lincoln Way Suite 105 Auburn, California 95603 530.863.4650 seckardt@dudek.com
John Zanzi, PLA	Senior Specialist II	Restoration/Mitigation Lead	1810 13th Street Suite 110 Sacramento, California 95811 916.438.5313 jzanzi@dudek.com

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

2. The following Subconsultants and Subcontractors are authorized to perform Services pursuant to this Agreement:

Firm	Project Role	Contact Information (Address, Phone and Email)
Coast Ridge Ecology	Biological Resources	1410 31st Avenue San Francisco, California 94122 415.404.6757 pkobernus@crecology.com
Zander Westbrook	GIS	2927 Newbury Street, Suite B, Berkeley, California 94703 510.343.7789 liz@zanderwestbrook.com
JRP Historical Consulting LLC	Cultural/Tribal	2850 Spafford Street Davis, California 95618 530.757.2521 cmcmorris@jrphistorical.com
Balance Hydrologics	Hydrology	931 Mission Street Santa Cruz, California 95060 510.704.1000 cneill@balancehydro.com

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SCHEDULE OC
ATTACHMENT FOUR
REFERENCE MATERIALS

Ref No.	Description
1	Santa Clara Valley Water District Non-Disclosure Agreement (NDA) (FC 1650)
2	Santa Clara Valley Water District (Valley Water) Standards for GIS Products April 2021 version: http://gis.valleywater.org/Download/GIS_PRODUCT_STANDARDS.pdf

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This agreement (Agreement) is effective once fully executed (Effective Date), by and between SANTA CLARA VALLEY WATER DISTRICT (Valley Water or District), and ENVIRONMENTAL SCIENCE ASSOCIATES, a California corporation (Consultant), individually the Party or collectively the Parties.

WHEREAS, Valley Water desires certain services hereinafter described and Consultant affirms it has the requisite experience and expertise, and desires to provide such services.

NOW, THEREFORE, Valley Water and Consultant, for the consideration and upon the Terms and Conditions specified, agree as follows:

SECTION ONE
SCOPE OF SERVICES

The Scope of Services (Services) to be performed pursuant to this Agreement is described in the Schedule, Scope of Services, attached hereto and incorporated herein by this reference (Schedule). Valley Water may require Consultant to provide all or a portion of these services (Services) through subsequently executed task orders (Task Orders). Task Orders will be in the form of the template described in Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders and in the Standard On-Call Consultant Agreement, Appendix Three, Task Order Template. These Services will be provided on an on-call basis (On-Call).

SECTION TWO

DUTIES OF CONSULTANT

1. Performance

A. Each Scope of Service described in an attached Schedule must be performed by Consultant, or at its direction, to meet the purposes specified in this Agreement. References to “Consultant” herein include those performing any portion of the Services at its direction such as Subconsultants, vendors, suppliers, subcontractors, and other business entities and individuals. Consultant will collaborate with Valley Water staff in engineering, asset management, operations, and maintenance units to be made aware of Valley Water operational constraints, procedures, or preferences relevant to Consultant’s performance of the Services described in the attached Schedule.

B. Unless the requirements for the Services described in the attached Schedule are specifically modified in writing, Consultant must perform Services and provide all deliverables as required.

C. Consultant shall not undertake any Services not described in the attached Schedule unless authorized in writing by Valley Water prior to the performance of such Services by issuance of a Task Order or pursuant to an amendment to this Agreement signed by both Parties.

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2. Consultant Controlled Areas

Consultant is responsible for the security and safety of the area(s) it controls wherein it is required to perform field operations pursuant to the Scope of Services.

3. Licensing

Services performed by Consultant will be undertaken only by persons appropriately licensed, certified, or registered in California, as applicable to the Services described herein, when required by statutes or regulations, as well as pursuant to the relevant standard of care as described in Section Two, Duties of Consultant, subsection 11. Standard of Care. Examples of such Services include those performed by: California State Licensed Contractors, Professional Engineers and Architects, Inspectors, and Surveyors. Consultant shall make available upon Valley Water's request documentation of qualifications and licensing of personnel performing Services described herein. Consultant must be registered with the California Department of Labor Standards Enforcement if the Services or a portion thereof is determined to be "Public Works" pursuant to California Labor Code §1720(a)(1).

4. Valley Water's Approval of Deliverables

Deliverables prepared by Consultant, notwithstanding acceptance and approval by Valley Water, which Valley Water determines must subsequently be modified due to errors or omissions, will be corrected at no additional cost to Valley Water.

5. Errors and Omissions

The Services may include preparation of deliverables by Consultant to be implemented in a public works construction project. Consultant is responsible for any direct or actual damages incurred by Valley Water which Valley Water determines result from Consultant's errors or omissions in Consultant's deliverables, including, but not limited to, any increase in the Valley Water's payment(s) due to its construction contractor, which increase is directly attributable to required revisions to the construction Contract Documents to the extent caused by Consultant's negligent acts, errors, or omissions.

6. Valley Water Standardization Requirements

A. Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed pursuant to this Agreement.

B. Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages

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(for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by Consultant.

7. Consultant's Key Staff and Subconsultants

A. Consultant's Key Staff and firms subcontracted by Consultant (Subconsultants) assigned to perform the Services are identified in the Schedule(s), Scope of Services, Attachment Three, Consultant's Key Staff and Subconsultants.

B. The Project team organization chart and delegated responsibilities of each team member will be submitted to Valley Water for concurrence.

C. Consultant may utilize Subconsultants, subcontractors, suppliers, or vendors it deems appropriate to the complexity and nature of the required Services.

1) Consultant must obtain Valley Water's approval of all Subconsultants. Upon Valley Water's request, Consultant must provide copies of all Subconsultant agreements.

2) Consultant must require its delegates or Subconsultants to agree, in writing, to adhere to Terms and Conditions of this Agreement.

D. Any delegation or use of Subconsultants by Consultant will not operate to relieve Consultant of its responsibilities as described in this Agreement.

E. If any of Consultant's designated key staff persons or Subconsultants fail to perform to the satisfaction of Valley Water, on written notice from Valley Water, Consultant will have 15 calendar days to remove that person from the Project and provide a replacement acceptable to Valley Water.

F. Consultant will not charge Valley Water for the time it takes Consultant's replacement personnel to obtain Valley Water-specific Project knowledge in the possession of the person(s) being replaced.

G. Consultant's Key Staff: Valley Water's Project Manager (Valley Water Project Manager) or authorized representatives may approve any revisions to Consultant's list of key staff assigned to the Project as an administrative modification to this Agreement, and such approval will be confirmed in writing.

H. Consultant's Subconsultants

1) Valley Water's authorized representatives may approve any revisions to Consultant's list of authorized Subconsultants when the Subconsultant is deleted from the list and the Scope of Services is deleted from the Agreement or such services are assumed by Consultant; such approval will be confirmed in writing.

2) Valley Water's authorized representative may approve any revisions to Consultant's list of authorized Subconsultants when a listed Subconsultant is replaced (to perform the same Scope) or a new Subconsultant is added (to perform new Scope), provided the firm complies with all insurance requirements established by the Valley Water for such work; such approval will be confirmed in writing.

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8. Compliance with All Laws

A. Consultant's performance must be in compliance with the most current versions of any and all laws relevant to the Services it performs pursuant to this Agreement, including, but not limited to adherence to: all applicable governmental laws, statutes, ordinances, rules, codes, regulations, orders, and other requirements; governmental requirements applicable to state and federal compliance with the Professional Land Surveyors Act; state and federal Endangered Species Act; state and federal water quality laws; and all other state and federal laws or regulations regarding environmental protection and compliance, health, safety, wages, hours, equal employment opportunity, nondiscrimination, working conditions, and transportation. In the event that Valley Water's assistance is necessary to achieve such compliance, Consultant shall promptly notify Valley Water.

B. Consultant shall provide, at Valley Water's request, documentation demonstrating Consultant's compliance with all laws as described herein. After reasonable notice and according to reasonable conditions, Valley Water has the right to inspect and copy any records of Consultant regarding such compliance.

C. Consultant represents and warrants that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal government department or agency.

9. Occupational Safety and Health

A. Consultant will perform the Services in compliance with the most current versions of all laws, standards, rules, and regulations of the Occupational Safety and Health Act, and all state and federal laws and regulations relating to safety and health standards. Consultant shall perform the Services in compliance with, will furnish only supplies, articles, and equipment that comply with such laws, standards, and regulations.

B. Consultant shall immediately notify Valley Water in the event of any personal injury accident or occurrence occurring during the performance of the Services. Upon Valley Water's request, Consultant shall provide Valley Water with documentation fully describing the accident and injury and the actions implemented to prevent similar occurrences.

10. Consultant as Independent Contractor

Consultant will perform all Services as an independent contractor and not an agent or employee of Valley Water. Consultant represents and warrants that it and its contractors who are performing any of the Services as Subconsultants will perform such Services as an independent contractor, and neither Consultant nor Subconsultants nor their employees are the servants, agents or employees of Valley Water. Except as expressly provided in this Agreement, Valley Water exercises no direction, supervision or control over Consultant, its employees, agents, or Subconsultants.

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11. Standard of Care

A. Consultant must possess and maintain during the term of this Agreement all certifications, licenses, permits, and qualifications to perform the Services and prepare all deliverables. Consultant must perform all Services and prepare all deliverables in accordance with those standards and practices of care, skill, and diligence that are generally recognized and customarily observed by competent persons in Consultant's area of specialty in the State of California at the time such Services are rendered.

B. Consultant shall perform the Services and prepare all deliverables without any errors or omissions, and in accordance with Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

C. Consultant and its Subconsultants must perform the Services in compliance with all applicable written federal, state and local codes, statutes, laws, regulations, and ordinances, including, but not limited to, environmental, energy conservation, and disabled access requirements as per the provisions of Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

SECTION THREE

DUTIES OF VALLEY WATER

1. Available Data

Valley Water will make available to Consultant all data and information in its possession and control and which it deems necessary to the preparation of the deliverables specified in the Schedule. Valley Water will actively aid and assist Consultant in obtaining such information from other agencies and individuals as it deems necessary. Valley Water is not responsible for providing data and information that it does not possess.

2. Review of Deliverables

A. Valley Water will designate a Project Manager (Valley Water Project Manager or Authorized Representative) for purposes of administering and managing this Agreement.

B. Consultant's progress in completing the Services will be reviewed by Valley Water Project Manager at each milestone identified in an executed Task Order or at such other time(s) at the discretion of Valley Water.

C. Consultant must notify Valley Water in writing when it completes and has submitted to Valley Water each deliverable as per an executed Task Order. Deliverables deemed satisfactory and in compliance with this Agreement are subject to approval by Valley Water. Within 30 calendar days of receipt of each deliverable, Valley Water will either (1) notify Consultant that Valley Water accepts the deliverable, or (2) notify Consultant that the deliverable is not acceptable and must be revised.

D. If Valley Water advises Consultant that a deliverable must be revised due to errors or omissions by Consultant, Consultant must correct, at no cost to Valley Water, those

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deficiencies as soon as possible and shall notify Valley Water upon completion of the revised deliverable and submit to Valley Water.

E. Valley Water will then review the revised deliverable and within 30 calendar days of receipt, advise Consultant if the revised deliverable is acceptable. All deficient deliverables will be revised at no cost to Valley Water and this process will continue until Consultant has corrected all deficiencies identified by Valley Water.

F. None of the proposed changes or revisions or anything else in this Agreement will be construed to relieve Consultant of professional or legal responsibility for the performance of the Services as otherwise required by the Terms and Conditions of this Agreement. Corrections to any deliverable as a result of Consultant's errors or omissions, as determined by Valley Water, will not result in additional costs or expenses to Valley Water.

3. Access to Valley Water Facilities

Valley Water will facilitate access to Valley Water facilities as required for Consultant to perform the Services.

SECTION FOUR

FEES AND PAYMENTS

1. Total Fixed Not-to-Exceed Fees

A. Payment for all Services performed by Consultant to the satisfaction of Valley Water, as described in the Schedule will be based on the hourly rates, subject to the Total Fixed Not-to-Exceed (NTE) Fees stated in the Schedule, Attachment One, Fees and Payments. Valley Water will make payments to Consultant according to the terms provided for herein and in the Schedule, Attachment One, Fees and Payments. Payments made by Valley Water to Consultant for Services rendered will be considered full compensation for all personnel, materials, supplies, Subconsultant(s), equipment, and reimbursable expenses, incurred by Consultant to perform the Services. All Service requests will be made by Valley Water on an as-needed basis, subject to future Task Order(s) executed by Valley Water and Consultant.

B. It is understood and agreed that there is no guarantee, either expressed or implied, as to the actual dollar amount, if any, of services that will be authorized under this Agreement, and that Valley Water is not obligated to request any service(s) from Consultant at all. However, in valuable consideration for Consultant's agreement to be on-call to perform services for Valley Water upon request with no minimum guaranteed amount of work, Valley Water will pay Consultant Five Hundred Dollars ($500) on or before the expiration of this Agreement if Valley Water has not requested to utilize Consultant's services during the agreement term.

C. The Schedule, Attachment One, Fees and Payments, sets forth the hourly rates and NTE fee, if any, for Services Consultant may perform pursuant to an executed Task Order.

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D. Services to be performed pursuant to a Task Order will commence only after written approval by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms, and Consultant's authorized representative.

E. Notwithstanding any other provision of this Agreement, Valley Water agrees to pay Consultant in accordance with the terms set forth in an executed Task Order. Consultant represents and warrants that the amounts charged to Valley Water for Services do not exceed the amounts normally charged by Consultant to other customers for similar Services.

F. Upon the written approval of Valley Water, the Services described in a Task Order task may be reduced, revised, or deleted.

G. Automobile travel mileage expenses will be paid at the current Internal Revenue Service (IRS) rate. Valley Water will not reimburse Consultant nor its Subconsultants for mileage nor travel time to and from Valley Water Headquarters and surrounding campus located at 5700 Almaden Expressway, San Jose, California. However, Valley Water will reimburse Consultant and its Subconsultants for mileage incurred from Valley Water Headquarters or Consultant's and Subconsultants' firm addresses, whichever is closer to the destination, to Project site(s) and, if directed or authorized by Valley Water, to meeting locations such as with regulatory agencies, for community outreach activities and meetings, for partnering meetings, and Dispute Review Board meetings.

2. Consultant Invoices

A. Consultant's invoices will be prepared in accordance with the terms of this Agreement, Section Four, Fees and Payments, and represent Services performed and reimbursable costs incurred during the identified billing period. Invoices must be consistent with Scope of Services and executed Task Orders; and include the following:

1) Employee classification and name itemized with all labor charges by Service task;

2) Summary of the amount Consultant has been billed by their Subconsultants and further detailed by Service task;

3) A description of the site where Services were performed, if applicable;

4) The name of Valley Water staff requesting Services;

5) The dates when Services were performed;

6) Other direct charges and reimbursable expenses by Task Order task;

7) Other direct charges and expenses must reflect actual fees versus the Task Order not-to-exceed fees as stated in the Schedule(s), Attachment One, Fees and Payments, and/or Task Orders;

8) Level of Small Business (SB) participation, if applicable, documenting the level of SB participation for each Task Order;

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9) The total amount due for completing the Services specified in that Task Order, which must not exceed the not-to-exceed amount specified in that Task Order; and

10) To the extent that Consultant is adding an administrative, processing, overhead or mark-up fee, Valley Water will not pay for such duplication of costs for both Consultant and its Subconsultants.

B. Before submitting monthly invoices, a draft invoice (in Adobe PDF format) will be provided in electronic format by the Consultant for preliminary review by Valley Water Project Manager. Upon preliminary approval by Valley Water, Consultant will email the complete, signed, and dated electronic copy invoice, including all supporting documentation. Valley Water's preliminary review of the draft invoice does not represent final approval of the electronic copy invoice, but is intended to reduce potential for re-submittals of electronic copy invoice by Consultant.

C. Invoices will include a summary of labor expenditures, direct costs, and billed Subconsultant charges. Invoices will be organized such that the billing categories correspond with the Task Order.

D. Notwithstanding language to the contrary in an executed Task Order, Consultant must invoice Valley Water for a Task Order within 30 calendar days of Valley Water accepting the deliverables of that Task Order.

E. Consultant shall submit all invoices through Projectmates or other document control system designated by Valley Water. All inquiries regarding Projectmates must be directed to Valley Water's Capital Project Management and Project Controls Program (CPMPC@valleywater.org). Consultant must also ensure that each invoice and corresponding attachments contain the following information:

1) Agreement number;

2) Consultant Invoice number in the following format: Agreement Number followed by a three-digit consecutive numbering sequence and separated by a period. For example, A1234A.001, A1234A.002, etc.

3) Task Order number;

4) Full legal name of Consultant/Firm;

5) Payment remit-to address;

6) Invoice date (the date invoice is emailed);

7) Detailed description of Services provided, including the "distribution account(s)" for those Services;

8) Number of hours spent by each person performing services and a brief description of the Services performed by each person; and

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9) Beginning and end date for billing period that services were provided.

F. Consultant shall invoice for its performance of the Services as stated in an executed Task Order on a monthly basis consistent with the task fee breakdown stated in the Task Order(s), Attachment A. Unless otherwise specified in a Task order, Consultant will be paid for the Services as described in an executed Task Order.

G. Valley Water Project Manager will review Consultant's written invoice within five Valley Water business days of receipt, address any questions with Consultant's Contact/Principal Officer and approve the undisputed amount of the invoice within ten working days of receipt of the invoice. Valley Water will pay undisputed invoice amounts within 30 calendar days from date invoice is received by Valley Water Project Manager.

H. Invoice Disputes

1) Valley Water may in good faith assert a bona fide dispute as to all or a portion of fees specified in any invoice. If any portion of an amount due to Consultant pursuant to this Agreement is subject to a bona fide dispute between the Parties, within 30 calendar days of Consultant's submission of an invoice in which a disputed amount is included, Valley Water will notify Consultant in writing of the specific items in dispute, and will describe Valley Water's reason(s) for disputing each such item.

2) Consultant and Valley Water Project Manager must act in good faith to resolve the dispute in a timely manner. If the dispute is not resolved by Consultant and Valley Water Project Manager within 30 calendar days of Consultant receiving Valley Water's written notice of dispute, Consultant and Valley Water will attempt to resolve the dispute pursuant to the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

I. Consultant's Services will be performed by its staff members and Subconsultants' staff members at the lowest hourly and unit rates commensurate with the complexity of the required Services.

J. Consultant shall ensure that its personnel performing services pursuant to this Agreement document their time doing so.

3. Prevailing Wages [NOT USED]

A. A portion of the Services to be performed pursuant to this Agreement may be considered "Public Works" subject to California Labor Code §1771, et. seq. and the applicable implementing regulations. If Consultant's Services includes such work, Consultant and its Subconsultants must comply with all Labor Codes applicable to prevailing wages.

B. Labor Code §1720 provides as follows:

"(a) As used in this chapter, "public works" means all of the following:

(1) Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public

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authority. For purposes of this paragraph, “construction” includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, “installation” includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems.”

C. Consultant and its Subconsultants shall not engage in the performance of public work, as defined in California Labor Code §1771.1, unless currently registered and qualified to perform public work pursuant to California Labor Code §1725.5.

D. The General Prevailing Wage Rates issued by the California Department of Industrial Relations may be adjusted by the State throughout the term of this Agreement. Notwithstanding any other provision of this Agreement, Consultant will not be entitled to any adjustment in compensation rates in the event there are adjustments to the General Prevailing Wage Rates.

E. This Agreement is subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations. Upon request, Consultant and Subconsultants must furnish the records specified in Labor Code §1776 directly to the Labor Commissioner, in a format prescribed by the Labor Commissioner.

F. All records or documents required to be kept verifying statutory compliance with the prevailing wage requirement, such as certified payroll records, must be made available for audit at no cost to Valley Water, at any time during regular business hours, upon written request by Valley Water. Records and documents to be provided in electronic or hard copy format, at Valley Water’s discretion.

G. **California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements**

Prior to Valley Water executing a Task Order for Services involving public works, as defined herein, Consultant, and its Subconsultant(s) performing public works, must provide evidence, in the form required by Valley Water, that Consultant and its Subconsultant(s) are in compliance with the California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements.

4. Retention

A. Unless otherwise specified in an executed Task Order, ten percent of each invoice for that Task Order will be withheld by Valley Water and not paid to Consultant until 30 calendar days after the assigned Valley Water representative signs the final approval for all Services/deliverables as stated in the executed Task Order, consistent with Section Three, Duties of Valley Water, subsection 2. Review of Deliverables.

B. Consultant may request, and Valley Water may consider and approve, release of retention withheld by Valley Water.

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SECTION FIVE

SCHEDULE OF COMPLETION

1. Performance of Tasks

Consultant will commence performing the tasks described in the Scope of Services of an executed Task Order upon receipt of the Task Order Notice to Proceed (NTP) issued by Valley Water.

2. Task Order Schedule

Consultant will perform and complete the Services in accordance with the schedule (Schedule) as described in each Task Order. Consultant will coordinate Services with Valley Water to provide the timeline of all tasks and subtasks including the site visits, document review, meetings, and deliverables.

3. Project Delays

Consultant will make all reasonable efforts to comply with the Schedule as stated in a Task Order. In the event the Task Order Schedule will be delayed, Consultant will notify Valley Water Project Manager as soon as possible, providing the reason why, the length of the delay, and a description of the actions being taken to address the delay. In the event Consultant is delayed in performance of its Services by circumstances beyond its control, Valley Water shall grant a reasonable adjustment in the Schedule.

4. Changes to the Schedule

Valley Water's Project Manager and Consultant may agree to modify the Schedule specified for Consultant's performance in an executed Task Order as an administrative modification to the Task Order and will confirm such modifications in writing.

SECTION SIX

AGREEMENT MODIFICATIONS

The Parties may agree to modify the Terms and Conditions of this Agreement by executing a written amendment hereto.

SECTION SEVEN

TERM AND TERMINATION

1. Term & Automatic Termination

No Task Order will be written which extends beyond the expiration date of this Agreement. Consultant will not undertake to provide Services where it reasonably appears that the

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Services cannot be performed and completed within the Term of this Agreement. Uncompleted and/or unfinished Task Orders will co-terminate with this Agreement.

2. Valley Water Rights

A. Suspension: Valley Water may, by written notice to Consultant, suspend any or all Services pursuant to this Agreement or to any individual Task Order. Valley Water may subsequently terminate this Agreement or any Task Order for convenience or determine to proceed. If a decision to proceed is not made within 90 days from the date of the notice of suspension, any decision to proceed must be conditioned upon execution of a new Notice to Proceed or Task Order.

B. Termination for Convenience: Valley Water may, by written notice to Consultant, terminate all or part of this Agreement or any Task Order at any time for Valley Water's convenience. Upon receipt of such notice, Consultant will immediately cease all work as specified in the notice. If this Agreement or any Task Order is so terminated, Consultant will be compensated as set forth in Section Seven, Term and Termination, subsection 3. Consultant's Compensation upon Termination or Suspension.

C. Termination for Breach: If Consultant violates any of the covenants, agreements or stipulations of this Agreement or a Task Order, or if Consultant fails to fulfill in a timely and proper manner its obligations pursuant to this Agreement or any Task Order, and does not cure such failure or violation within 30 days (or a reasonable extension thereof, if requested, which extension will not be unreasonably withheld) after receipt of written notice from Valley Water specifying such failure or violation, Valley Water will thereupon have the right to terminate this Agreement and any or all uncompleted Task Orders by giving written notice to Consultant of such termination. Such notice will specify the effective date thereof, and Consultant will not be entitled to compensation for Services or expenses beyond the specified termination date.

D. If, after notice of termination for breach of this Agreement or any Task Order, it is determined that Consultant did not breach the Agreement or Task Order, the termination will be deemed to have been implemented for Valley Water's convenience, and Consultant will receive payment that is allowed by this Agreement for a termination for convenience.

E. The rights and remedies provided herein to Valley Water are in addition to any other rights and remedies provided by law, this Agreement, or a Task Order.

3. Consultant's Compensation upon Termination or Suspension

In the event of termination of this Agreement or any Task Order, or suspension of Services by Valley Water, Consultant shall receive compensation based on satisfactory performance, accepted by Valley Water, as follows:

A. Direct Labor: Consultant shall be entitled to receive compensation for all authorized direct labor performed prior to termination pursuant to the provisions of this Agreement or Task Order and all authorized labor expenses incurred to demobilize from the Project after the date of termination;

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B. Other Direct Costs and Expenses: Consultant shall be entitled to receive compensation for all authorized other direct costs and expenses incurred prior to termination and all authorized expenses incurred to demobilize from the Project after the date of termination; and

C. In no event shall the total compensation paid for any item of Service exceed the payment specified in the Agreement or applicable Task Order for that item of Service.

4. Survival

The Terms and Conditions of this Agreement, that by their context and a standard of reasonableness, are intended to survive termination, suspension, completion, and expiration of this Agreement, shall survive, including but not limited to, the following Sections and subsections: Independent Contractor Status, Confidentiality, Indemnification, Insurance Requirements, and Dispute Resolution, as well as any Consultant representations and warranties.

SECTION EIGHT

INDEMNIFICATION

1. Notwithstanding any other provision of this Agreement, Consultant agrees to indemnify, defend and hold harmless Valley Water, its agents, officers, directors, and employees from and against any and all demands, claims, damages, losses and reasonable expenses, including but not limited to liabilities, obligations, claims, costs, reasonable expenses (including, without limitation, interest, penalties and reasonable attorney's fees), fines, taxes, levies, imposts, assessment, demands, damages or judgments of any kind or nature, whether in law or equity (including, without limitation, death or injury to any person, property damage, administrative and judicial orders and consents, or any other loss) to the extent they arise out of, pertain to, or relate to Consultant's negligence, recklessness, or willful misconduct.

2. The foregoing does not limit any strict liability imposed on Consultant by law. The rights, duties, and obligations of the Parties as set forth above in this Section Eight, Indemnification, survive termination, expiration, completion, and suspension of this Agreement.

SECTION NINE

INSURANCE REQUIREMENTS

Insurance requirements applicable to this Agreement are set forth in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements. Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, all insurance coverages as detailed in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements, and comply with all provisions stated therein.

SECTION TEN

OWNERSHIP AND REUSE OF DELIVERABLES

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1. Valley Water Ownership

All deliverables and other materials prepared by Consultant, including computer programs and media developed by Consultant, to perform the Services, during the term of this Agreement, will be and remain the property of Valley Water following payment in full to Consultant for each task or portion of a completed task, or in accordance with Section Seven, Term and Termination. In the event the work is not completed, the completed portions thereof will become the property of Valley Water. Consultant will provide Valley Water with such deliverables and material at appropriate times during this Agreement. Consultant may retain a copy for its records. Consultant does not convey, assign, or transfer the intellectual property rights it has, so as to limit its ability or right to develop, design, or provide services on other projects of or for its other clients.

2. Reuse of Instruments of Service

If Valley Water desires to reuse the completed plans, specifications, or other deliverables, in total or in part, on project sites associated with this Agreement, or any other site, or to complete any incomplete portion of construction documentation which Valley Water has already paid Consultant, Valley Water will release Consultant from any liability incurred by Valley Water from reusing said deliverables.

3. Copies of Data

Copies of data exchanged by, through, and between Valley Water and Consultant that may be relied upon are limited to printed copies. Computer-generated files, disks, or tapes of text, data or graphics that are furnished are only for the mutual convenience of the Parties.

4. Computer-Generated Material

Any risk of translation or reliance on information obtained or derived from computer-generated material is at the user's sole risk, and no representations are made, either express or implied, as to the long-term performance of data thus transferred.

5. Work for Hire

Any and all original correspondence, memoranda, reports, designs, plans, specifications, data compilations, computer programs, or drawings delivered to Valley Water by Consultant according to the Terms of this Agreement, in or by any medium is deemed to be "work for hire" according to the copyright laws of the United States and the copyright belongs to Valley Water.

6. Copyright Claims

Co-venturers, subcontractors, Subconsultants, suppliers, and vendors to Consultant are likewise bound by these copyright terms. Valley Water makes no copyright claim and requires no release for copyrighted material or trademarked names used incidentally by Consultant.

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SECTION ELEVEN

EQUAL OPPORTUNITY

1. Equal Opportunity Employer

Valley Water is an equal opportunity employer and requires its consultants to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, Consultant will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any subcontractor, employee, or applicant for employment in the recruitment, hiring, employment, utilization, promotion, classification or reclassification, transfer, recruitment advertising, evaluation, treatment, demotion, layoff, termination, rates of pay or other forms of compensation, and selection for professional development training (including apprenticeship), or against any other person, on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices), political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

2. Compliance with Applicable Equal Opportunity Laws

Consultant's policy must be in conformance with applicable state and federal guidelines including the Federal Equal Opportunity Clause, 41 Code of Federal Regulations, Part 60-1, §60-1.4; Title VII of the Civil Rights Act of 1964 as amended; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973 (§503 and §504); the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.); the California Fair Employment and Housing Act (Government Code §12900 et. seq.); and California Labor Code §1101 and §1102.

3. Investigation of Claims

Consultant must designate a specific position within its organization to be responsible for investigating allegations of non-compliance with the anti-discrimination and anti-harassment provisions of this Agreement. Consultant must conduct a fair, prompt, and thorough investigation of all allegations directed to Consultant by Valley Water. In cases where such investigation results in a finding of discrimination, harassment, or hostile work environment, Consultant must take prompt, effective action against the offender.

SECTION TWELVE

MISCELLANEOUS PROVISIONS

1. Entire Agreement

This Agreement, which includes the Terms and Conditions, Appendices, the Schedule(s), Schedule(s)' Attachments, and all executed Task Orders, represents the entire

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understanding between the Parties hereto relating to the Services described in this Agreement and its executed Task Orders, which are incorporated herein by this reference, and supersedes any and all prior proposals or agreements, whether written or oral, that may exist between the Parties. This Agreement may not be modified or amended except in writing as stated herein. To the extent that any Schedule conflicts with this Agreement, this Agreement shall control.

2. Formation of Agreement

A. No agreement between the Parties is formed until all applicable actions have been completed to the satisfaction of Valley Water. Valley Water Project Manager will not issue a Notice to Proceed until all required documents have been submitted and accepted by Valley Water.

B. Formation of this Agreement between the Parties requires accomplishment of the following, as applicable:

1) Execution of the Agreement by Consultant;

2) Submission by Consultant, and acceptance by Valley Water, of evidence of all required insurance coverages and documents;

3) Submission by Consultant, and acceptance by Valley Water, of evidence of all required Form 700 documents, if applicable;

4) Submission by Consultant, and acceptance by Valley Water, of all required Non-Disclosure Agreements (NDA) as provided in the Schedule(s), Attachment Four, Reference Materials, if applicable;

5) Submission by Consultant, and acceptance by Valley Water, of a Health and Safety Plan, if applicable;

6) Any other requirements that are deemed necessary by Valley Water; and

7) Execution of the Agreement by Valley Water.

3. No Assignment

A. The expertise and experience of Consultant are material considerations for Valley Water's award and execution of this Agreement. Consultant will not assign or transfer any interest in this Agreement nor the performance of any of Consultant obligations hereunder, without prior written consent of Valley Water in the form of an amendment executed by the Parties, and any attempt to so assign this Agreement, or any rights, duties or obligations arising hereunder, will be void and of no effect. Any assignment of monies due or to become due in accordance with this Agreement, will be to the extent permitted by law, and will be subject to all proper set-offs, deductions, and withholdings in favor of Valley Water.

B. In no event shall an assignment of any interest in this Agreement release Consultant from its duties and responsibilities as described in this Agreement nor shall Consultant be

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released from liability created by the provision of Services as described in this Agreement until such assignment takes effect. Any attempted or purported assignment without Valley Water's written consent in the form of an amendment executed by the Parties is null and void.

4. Reasonableness

Discretionary actions or approvals to be performed by the Parties will be exercised in a reasonable manner.

5. Gifts

Consultant hereby acknowledges that Valley Water policy prohibits the acceptance by Valley Water personnel of gifts of any kind from its contractors, consultants, suppliers or vendors. Consultant shall honor this policy by not sending or bringing gifts to Valley Water.

6. Audits

Consultant agrees that Valley Water and its agent(s) have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Consultant agrees to provide Valley Water and its agent(s) with any relevant information requested, in electronic and hard copy format, at Valley Water's discretion, and will permit Valley Water and its agent(s) access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees (alternatively, by phone at Valley Water's discretion) and inspecting or copying books, records, accounts, computerized records, and other materials that may be relevant to the matter under investigation or subject to audit, such as by a government agency, providing Valley Water with grant funds to pay for Consultant's services, for the purpose of determining compliance with this Agreement. Consultant further agrees to maintain such records for a period of three years after final payment as provided for in this Agreement.

7. Force Majeure

Neither Party will be held responsible for delays caused by acts beyond its control, such as acts of God or public enemies, utility or communication delays, or failures not caused by such Party's negligence or fault, accidents not caused by such Party's negligence or fault, labor disputes, war, or failure of the other Party to provide data as required pursuant to this Agreement.

8. Binding Effect

This Agreement is binding on the heirs, executors, administrators, successors and assigns of the Parties.

9. Choice of Law and Venue

The Parties agree that this Agreement is to be governed, construed, and enforced in accordance with the laws of the State of California. The Parties also agree that the venue of any litigation arising out of or connected with this Agreement will lie exclusively in the state trial court or Federal District Court located in Santa Clara County in the State of California.

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The Parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

10. Confidentiality

A. Due to the nature of the services Consultant will provide pursuant to this Agreement, there may be disclosures made to Consultant of detailed information about Valley Water's operations, including on a need-to-know basis information which may be protected from public disclosure by confidentiality laws, the attorney-client privilege, and/or other provisions of law which govern the nature and timing of disclosure of public information.

B. Consultant understands and acknowledges that Valley Water staff members providing information to Consultant do so with the understanding that such information will be handled appropriately.

C. In the event Consultant receives such restricted or confidential information, Consultant will limit access to the information to only those of Consultant's employees, its subcontractors and its Subconsultants authorized by Valley Water to have the information.

D. Consultant will notify Valley Water immediately of any request by any third party to have access to confidential information and will not disclose the requested information without first receiving express written authorization from Valley Water.

E. Notwithstanding the aforementioned Confidentiality requirements, upon the request of Valley Water Project Manager, Consultant, and its Subconsultants shall execute Valley Water's most current Non-Disclosure Agreement in effect at that time.

F. The requirements stated herein will survive completion, expiration, suspension, and termination of this Agreement.

11. Release of Information Prohibited

Consultant is not permitted to provide any information concerning the Project to the media nor anyone other than authorized Valley Water personnel. Consultant will not release any information pertinent to the Project for publication, public disclosure, or in any other manner without first obtaining clearance and a release in writing from Valley Water. Any media inquiry at any time to Consultant relating to any matter concerning Services provided or requested to be provided pursuant to this Agreement will be referred immediately to Valley Water. Consultant will not communicate with the media regarding any such matter.

12. Conflict of Interest

A. Consultant represents that there exists no actual or potential conflict of interest concerning the services to be performed pursuant to this Agreement.

B. Consultant represents that Consultant's performance required as stated in this Agreement does not require the breach of any agreement or obligation to keep in confidence the proprietary information of another party. Consultant will not bring to Valley Water, or use in the performance of Consultant's duties as described in this Agreement,

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any materials or documents of another party considered confidential or proprietary unless Consultant has obtained written authorization from such party, and the informed consent of Valley Water, for the possession and use of such materials.

C. Consultant represents and warrants that during the term of the Agreement, Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant shall not act as a Consultant or expert for any party in support of any potential or active claim or legal action against Valley Water by such party.

D. CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION STATEMENT OF ECONOMIC INTEREST FORM 700 ("FORM 700"): Upon Valley Water's request, Consultant employees, officers, agents, Subconsultants, and subcontractors shall complete, execute, and submit a Form 700 as follows:

1) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, shall file, in a manner prescribed by Valley Water, an Assuming Office Statement. The Assuming Office Statement shall be filed:

   a. Within 30 calendar days of the effective date of this Agreement; or

   b. Within 30 calendar days of Consultant hiring, adding, or promoting to a designated filer position, employees, officers, agents, Subconsultants, and subcontractors to perform services pursuant to this Agreement;

2) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, an amendment to their Form 700 any time there is a need to correct or change disclosure information;

3) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file an Annual Statement in a manner prescribed by Valley Water, during the annual filing season, as determined by Valley Water;

4) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, a Leaving Office Statement with Valley Water when one of the following occurs:

   a. Upon termination of this Agreement; or

   b. Within 30 calendar days of Consultant employees, officers, agents, Subconsultants, and subcontractors vacating a designated filing position (i.e., removed from the Project, promotion, demotion, transfer to non-designated position, end of employment, or as a result of changes in designated filer positions in Valley Water's Conflict of Interest Code);

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5) Consultant understands and agrees that its employees, officers, agents, Subconsultants, and subcontractors may be disqualified from providing services to Valley Water pursuant to the California Political Reform Act, Government Code §81000 et. seq. and §1090. If any of Consultant's employees, officers, agents, Subconsultants, and subcontractors are disqualified from providing services, on written notice from Valley Water Project Manager, Consultant will have 15 calendar days to remove said employee(s), officer(s), agent(s), Subconsultant(s)' and subcontractor(s)' employee(s) from the Project and provide a replacement acceptable to Valley Water;

6) The failure of Consultant's employees, officers, agents, Subconsultants, and subcontractors to file an Assuming Office, Annual, Amended, or Leaving Office Statement within the time prescribed by Valley Water is deemed a material breach and may result in termination of the Agreement for cause.

13. Task Orders

A. All tasks and Services may be assigned to Consultant through issuance of Task Orders. The Valley Water Project Manager will identify and communicate the applicable tasks and services based on the menu of tasks listed in the Scope of Services to be provided to the Consultant. After the tasks and Services are identified and communicated to Consultant by Valley Water Project Manager, Consultant will prepare a proposed Task Order request (see Standard On-Call Consultant Agreement, Appendix Three, Task Order Template). The proposed Task Order must identify the following:

1) Description of the Services, including deliverables;

2) The total Not-to-Exceed Fees for Consultant to complete the Services, including estimated number of hours per assigned staff to complete the Services;

3) Proposed staff that will be assigned to complete the Services, including resumes if not previously provided to Valley Water's Project Manager;

4) Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

5) Schedule for completing the Services; and

6) Copies of applicable state and federal permits required to complete the Services, unless previously provided to Valley Water.

B. Consultant agrees that the Not-to-Exceed Fees specified in a proposed Task Order will be the product of a good faith effort in exercising its professional judgment. After an agreement has been reached on the negotiable items, the finalized Task Order will be signed by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms and Consultant's authorized representative.

C. Consultant must not commence performance of work or services on a Task Order until it has been approved by Valley Water's authorized representative and Notice to Proceed

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has been issued by Valley Water Project Manager. No payment will be made for any services performed prior to approval or after the period of performance of the Task Order. The period of performance for Task Orders will be in accordance with dates specified in the Task Order. No Task Order will be written which extends beyond the expiration date of this Agreement. The total amount payable by Valley Water for an individual Task Order will not exceed the amount agreed to in the Task Order.

D. Prevailing Wage Requirements: The Scope of Services may be considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages, and Appendix Three, Task Order Template.

14. Good Neighbor

Valley Water always strives to be a good neighbor to the community adjacent to its facilities. Consultant will ensure that disturbance to neighbors is minimized. Consultant, its staff, and Subconsultants will always interact with the members of the public in a polite and professional manner.

15. Governmental Permits and Notifications

Unless otherwise expressly stated herein or in an executed Task Order, Consultant represents and warrants that it has investigated the need for, and has or will procure, at its cost, and in its own name to the extent allowed by law, all governmental permits, notifications, approvals and inspections required for the performance of the Services. Consultant shall promptly notify Valley Water if any such permit or approval lapses or is modified or revoked. If, pursuant to applicable law, any such permits or approvals must be procured in Valley Water's name, Consultant shall promptly so inform Valley Water and assist Valley Water in obtaining such permits or approvals.

16. Taxes and Benefits

Consultant has full and exclusive liability for the payment of, and Consultant will pay, any and all taxes and contributions for unemployment insurance, retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities and similar benefits and any other employment-related costs, obligations, and duties that may now or hereafter be imposed by law, collective bargaining agreements or otherwise with respect to persons employed by Consultant for the performance of Services pursuant to this Agreement.

17. Nonwaiver of Rights

The failure of either Party to this Agreement to object to or to take affirmative action with respect to any conduct of the other Party that is in violation of the terms of this Agreement will not be construed as a waiver thereof, or as waiver of any future breach or subsequent wrongful conduct.

18. No Third-Party Beneficiaries

Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity, other than the Parties hereto, any legal or equitable right, remedy, or claim

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under or in respect of this Agreement or any covenants, conditions, or provisions contained herein.

19. Severability

If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.

20. Debt Limitation

This Agreement is contingent on the appropriation of sufficient funding by Valley Water for the services described in this Agreement. Valley Water is subject to laws or policies which limit its ability to incur debt in future years. Nothing in this Agreement shall constitute an obligation of future legislative bodies of Valley Water to appropriate funds for purposes of this Agreement.

21. Notices

Unless otherwise specified in this Agreement, all requests for written approval or legal notices must be sent to the representatives below. All notices are deemed to have been given when made in writing and when delivered or mailed to the representatives of Valley Water and Consultant at their respective addresses as follows:

VALLEY WATER:

Deputy Operating Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

CONSULTANT:

Consultant Principal Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

22. Appendices

The following list of Standard On-Call Consultant Agreement Appendices are incorporated herein by this reference as though set forth in full:

Appendix One - Additional Legal Terms
Appendix Two - Dispute Resolution
Appendix Three - Task Order Template
Appendix Four - Insurance Requirements

23. Schedule and Attachments

Schedule OC, Scope of Services, and the following listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant’s Key Staff and Subconsultants

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IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR CONSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THROUGH THE SIGNATURES OF THEIR DULY AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER DISTRICT
Valley Water

By: _____
Tony Estremera
Chair, Board of Directors

Date: May 12, 2026

ATTEST:

_____
Candice Kwok-Smith
Clerk, Board of Directors

ENVIRONMENTAL SCIENCE ASSOCIATES
Consultant

By: DocuSigned by: Alisa Moore 99062849B8F348B...
Alisa Moore
Vice President, Northern California Water Business Group Director

Date: 5/8/2026

Consultant's Address:
575 Market Street, Suite 3700
San Francisco, CA 94105

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
ADDITIONAL LEGAL TERMS

1. Conflict of Interest for Future Services

Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant, [or any of its Subconsultants], shall not submit a proposal:

A. For any agreement to be awarded for [construction management, or the construction] of any project that is related to the Services provided pursuant to this Agreement;

B. In response to any request for proposal or Valley Water solicitation developed or prepared by or with the assistance of Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant; or

C. For any single or sole source products/services related to the Services pursuant to this Agreement or have a financial stake in any single or sole source products/services resulting from this Agreement.

2. Dispute Resolution

If a dispute occurs between the Parties as a result of this Agreement, then the Parties agree to use the Dispute Resolution process outlined in the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

3. Small Business Enterprise (SBE) Outreach Program Participation

This Agreement provides for the Consultant to include California Department of General Services certified Small/Micro Businesses in the performance of the Services, estimated to be 30 **%** or more of the Total Not-to-Exceed Fees stated in the Standard Consultant Agreement, Attachment One Fees and Payments, to the Schedule(s), and Consultant agrees to use its best efforts to meet this goal.

4. Task Order Approvals

A. Services to be performed pursuant to a Task Order may only commence once a specific Notice to Proceed for that Task Order has been issued by Valley Water.

B. Task Orders are subject to approval by Valley Water's Deputy Operating Officer unless delegated to an Assistant Operating Officer and/or Unit Manager.

C. Valley Water Assistant Operating Officer is authorized to approve individual Task Orders in an amount not-to-exceed $[authorization amount]. [NOT USED]

D. Valley Water Unit Manager(s) is authorized to approve individual Task Orders in an amount not-to-exceed $ [Authorization Amount]. [NOT USED]

E. The total not-to-exceed amount for any one Task Order shall not exceed $ [NOT-TO-EXCEED AMOUNT]. [NOT USED]

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F. Consultant must acknowledge receipt and respond to Valley Water's request to submit a Cost Proposal within five (5) business days or within the time specified in Valley Water's request.

G. Upon Valley Water and Consultant's successful negotiation of the Consultant's Cost Proposal, Consultant must submit a Task Order within five (5) business days or within the time specified in Valley Water's request, for Valley Water's approval of the Task Order, and issuance of a Notice-to proceed.

5. Task Order Assignments for Multi-Awards Agreement

Valley Water has retained five (5) separate consultants to perform on-call environmental planning and permitting services during the same timeframe. Task orders will be assigned on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to each of the consultants. Valley Water's Project Manager is responsible for administering the task orders for assigned work among the five (5) firms for the term of the Agreements.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
EXHIBIT A
FEDERAL REQUIREMENTS

1. FEDERAL GRANT REQUIREMENTS

Projects receiving credit assistance must comply with all federal laws and regulations, including environmental compliance and other compliance requirements.

Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are contained herein and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

In addition, Valley Water is actively seeking state and federal grant funding for the Project. Consultant agrees to comply with all applicable state and federal funding requirements and pertinent laws, regulations, and policies, including, but not limited to the Uniform Guidance for Federal Awards (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (April 30, 2026), prevailing wage and Build America, Buy America. Specific agency-level guidance and requirements may also apply.

2. DEBARMENT AND SUSPENSION

Consultant certifies that it will not knowingly enter into a contract with anyone who is ineligible under the 2 CFR part 180 and part 1532 (per Executive Order 12549, 51 FR 6370, February 21, 1986) or who is prohibited under Section 306 of the Clean Air Act or Section 508 of the Clean Water Act to participate in the Project. Suspension and debarment information can be assessed at http://www.sam.gov. Consultant represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its subcontracts under this Agreement.

3. FEDERAL LOBBYING RESTRICTIONS (31 U.S.C. 1352)

Recipients of federal financial assistance may not pay any person for influencing or attempting to influence any officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, continuation, renewal, amendment, or modification of a federal grant loan, or contract. These requirements are implemented for USEPA in 40 CFR Part 34, which also describes types of activities, such as legislative liaison activities and professional and technical services, which are not subject to this prohibition. Upon award of this contract, Consultant shall complete and submit to Valley

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Water the Certification Regarding Lobbying form (https://www.epa.gov/system/files/documents/2021-08/epa_form_6600_06.pdf) and Disclosure of Lobbying Activities form (https://www.epa.gov/grants/sf-lll-disclosure-lobbying-activities) found in Appendix A and Appendix B to 40 CFR Part 34. Consultant shall also require all subcontractors and suppliers of any tier awarded a subcontract over $100,000 to similarly complete and submit the certification and disclosure forms to Valley Water pursuant to the process set forth in 40 CFR 34.110.

CIVIL RIGHTS OBLIGATIONS

Consultant shall comply with the following federal non-discrimination requirements:

a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP). (424 U.S.C. 2000D, et. seq)

b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities. (29 U.S.C. 794, supplemented by EO 11914, 41 FR 17871, April 29, 1976 and EO 11250, 30 FR 13003, October 13, 1965)

c. The Age Discrimination Act of 1975, which prohibits age discrimination. (42 U.S.C. 6101 et. seq)

d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.

e. 40 CFR Part 7, as it relates to the foregoing.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX TWO
DISPUTE RESOLUTION

1. Consultant's Questions and Concerns

Questions regarding the Terms, Conditions, and Services relating to this Agreement will be decided by Valley Water who will furnish the decisions to Consultant in writing within 30 days after receiving a written request from Consultant.

2. Dispute Resolution

A. Alternate Dispute Resolution

Valley Water intends to use Alternate Dispute Resolution (ADR) techniques including partnering and mediation to resolve disputes relating to the Project.

B. Consultant and its Subconsultants are expected to participate in all ADR efforts.

C. The cost of partnering, training facilities, and facilitator will be paid for by Valley Water, unless the Parties agree otherwise.

3. Negotiations Before and During Mediation

Negotiations to resolve disputes before and during mediation are initiated for settlement purposes only, are confidential, and are not binding unless otherwise agreed by Valley Water and Consultant.

4. Voluntary Mediation

A. Initiation of Mediation

Any Party to a dispute or claim may initiate mediation by notifying the other Party or Parties in writing.

B. Request for Mediation

A request for mediation must contain a brief written statement of the nature of the dispute or claim, and the names, addresses, and phone numbers of all parties to the dispute or claim, and those who will represent them, if any, in the mediation.

C. Selection of Mediator

1) Upon receipt of a written request for mediation, unless otherwise agreed by the Parties, within 14 days, the Parties will confer to select an appropriate mediator agreeable to all Parties.

2) If the Parties cannot agree on a mediator, they hereby agree to accept a mediator appointed by a recognized association such as the American Arbitration Association.

D. Qualifications of a Mediator

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1) Any mediator selected must have expertise in the area of the dispute and be knowledgeable in the mediation process.
2) No person shall serve as a mediator in any dispute in which that person has any financial or personal interest in the result of the mediation.

3) Before accepting an appointment, the prospective mediator must disclose any circumstances likely to create a presumption of bias or prevent a prompt meeting with the Parties. Upon receipt of such information, the Parties will confer and decide whether to select another mediator.

E. Vacancies

If any mediator becomes unwilling or unable to serve, another mediator will be selected unless the Parties agree otherwise.

F. Representation

1) Any Party may be represented by person(s) of their choice who must have full authority to negotiate.

2) The names and addresses of such person(s) must be communicated in writing to both Parties and to the mediator.

G. Time and Place of Mediation

1) The mediator will set the time of each mediation session.

2) The mediation will be held at a convenient location agreeable to the mediator and the Parties, as determined by the mediator.

3) All reasonable efforts will be made by the Parties and the mediator to schedule the first session within 60 days after selection of the mediator.

H. Identification of Matters in Dispute

1) Parties shall comply with the process as required by the mediator with regard to providing the mediator with a memorandum setting forth its position with regard to the issues that need to be resolved. At the discretion of the mediator, or otherwise agreed by the Parties, the Parties may mutually exchange such memoranda.

2) At the first session, the Parties will be expected to produce all information reasonably required for the Mediator to understand the issue(s) presented. The mediator may require each Party to supplement such information.

I. Authority of Mediator

1) The mediator does not have authority to impose a settlement on the Parties but will attempt to assist the Parties in reaching a satisfactory resolution of their dispute.

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2) The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement.

3) Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the dispute, provided the Parties agree and assume the expenses of obtaining such advice. Arrangements for obtaining such advice will be made by the mediator or the Parties, as determined by the mediator.

4) The mediator is authorized to end the mediation whenever, in the mediator's judgment, further efforts at mediation would not contribute to a resolution of the dispute between the Parties.

J. Privacy

1) Mediation sessions are private.

2) The Parties and their representatives may attend mediation sessions.

3) Other persons may attend only with the permission of the Parties and with the consent of the mediator.

K. Confidentiality

Except as provided by California or federal law or regulation:

1) The mediator will not divulge confidential information disclosed to a mediator by the Parties or by witnesses in the course of the mediation.

2) All records, reports, or other documents received by a mediator while serving as mediator, are confidential.

3) The mediator must not be compelled to divulge such records or to testify in regard to the mediation in any adversary proceeding or judicial forum.

4) The Parties must maintain the confidentiality of the mediation and must not rely on, or introduce as evidence in any arbitration, judicial or other proceedings:

a. Views expressed, or suggestions made by the other Party with respect to a possible settlement of the dispute;

b. Statements made by the other Party in the course of the mediation proceedings;

c. Proposals made or views expressed by the mediator; and

d. Whether the other Party had or had not indicated willingness to accept a proposal for settlement made by the mediator.

L. No Stenographic Record

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There shall be no stenographic record of the mediation.

M. Termination of Mediation

The mediation shall be terminated:

1) By the execution of a Settlement Agreement by the Parties;

2) By a written declaration of the mediator to the effect that further efforts at mediation are no longer worthwhile; or

3) By a written declaration of a Party or Parties to the effect that the mediation proceedings are terminated.

N. Exclusion of Liability

No mediator shall be a necessary Party in judicial proceedings related to the mediation.

O. Interpretation and Application of These Mediation Provisions

The mediator will interpret and apply these mediation provisions insofar as they relate to the mediator's duties and responsibility.

P. Expenses

1) The expenses of witnesses for each Party must be paid by the Party producing the witnesses.

2) All other expenses of the mediation, including required travel and other expenses of the mediator, and the expenses of any witness called by the mediator, or the cost of any proofs or expert advice produced at the direct request of the mediator, will be apportioned as the mediator finds appropriate or as otherwise agreed to by the Parties.

5. Compensation for Participation in Mediation

Neither Consultant nor Valley Water is entitled to compensation for time spent in or for negotiations or mediation to resolve questions or disputes between Consultant and Valley Water arising out of this Agreement.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX THREE
TASK ORDER TEMPLATE

Task Order No. _____

Title: _____

Agreement: Standard On-Call Consultant Agreement _____ (Agreement) by and between the Santa Clara Valley Water District (Valley Water) and _____ (Consultant), dated _____.

Valley Water: _____

Consultant: _____

Dollar Amount of Task Order: Not-to-Exceed $_____

1. Upon full execution of this Task Order No. _____, as set forth in the Standard On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders, and the issuance of a Notice to Proceed by the Valley Water Project Manager, Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by Consultant before this Task Order is executed or before the issuance of the Notice to Proceed will be considered outside the contracted Scope of Services and will not be eligible for payment.

2. Both the Scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:

   A. Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to Valley Water;

   B. The total not-to-exceed fees amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification;

   C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

   D. The distribution detail for each service, direct cost, and reimbursable expense. This information must be included in the invoice for the services authorized pursuant to this Task Order; and

   E. Project schedule for completing the Scope of Services.

3. Consultant shall be compensated at fixed fees or at the hourly rates established in Schedule OC, Attachment One, Fees and Payments. Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.

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4. This Task Order becomes effective on the date of full execution by authorized representatives of the Parties and remains in effect until the earlier of: completion of the tasks set forth in Attachment A or [expected completion date].

5. Copies of applicable local, state and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless Consultant previously provided the appropriate permits to Valley Water.

6. Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the Terms and Conditions of the Agreement.

7. Prevailing Wage Requirements [NOT USED]

   A. The Scope of Services described in this Task Order is considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages.

   B. In accordance with prevailing wage laws, the Director of the California Department of Industrial Relations (Director) has ascertained the general prevailing rate of wages and employer payments for health and welfare, pension, vacation, and similar purposes available to the particular craft, classification, or type of workers employed on the Project. These rates are set forth in the latest determination obtained from the Director, which is on file in Valley Water's Office of the Clerk of the Board of Directors and incorporated herein by reference the same as though set forth in full. The rates are also available on the State of California Department of Industrial Relations website at http://www.dir.ca.gov.

8. Signatures:

Signature: _____ _____
[NAME OF CONSULTANT FIRM] DATE
[PRINT NAME]
[PRINT TITLE]

Signature: _____ _____
SANTA CLARA VALLEY WATER DISTRICT DATE
[PRINT NAME]
[PRINT TITLE]

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Please Note: Failure to comply with the instructions below could result in a delay in receiving the Notice to Proceed. Santa Clara Valley District ("District" or "Valley Water"), will not be responsible for time lost or costs incurred due to failure to comply with these requirements. Please note the checklist of documents needed at the end of this document.

Without limiting the Consultant's indemnification of, or liability to, Valley Water, the Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions as listed below.

Consultant must provide its insurance broker(s)/agent(s) with a copy of these requirements and warrants that these requirements have been reviewed by Consultant's insurance agent(s) and/or broker(s), who have been instructed by Consultant to procure the insurance coverage required herein.

In addition to certificates, Consultant must furnish Valley Water with copies of all original endorsements affecting coverage required by this document. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All endorsements and certificates are to be received and approved by Valley Water before the Agreement is executed**. In the event of a claim or dispute, Valley Water has the right to require Consultant's insurer to provide complete, certified copies of all required pertinent insurance policies, including endorsements affecting the coverage required by this document.

If your insurance broker has any questions about the above requirements, please advise him/her to email Valley Water Risk Manager at RiskManager@valleywater.org.

Certificates of Insurance

The consultant shall furnish Valley Water with a Certificate of Insurance. The certificates will be issued on a standard ACORD Form.

Consultant shall instruct their insurance broker/agent to submit all insurance certificates and required notices electronically in PDF format to the designated Valley Water Contract Administrator and email a copy to **certificatesupport@evidentid.com**.

The certificates will:

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

1. Identify the underwriters, the types of insurance, the insurance limits, the deductibles and the policy term.
2. Include copies of all the actual policy endorsements required herein; and
3. In the "Certificate Holder" box include:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118
Agreement No. XXXXX
PlanetBid No. VW0594

IMPORTANT: The Agreement number and/or PlanetBid number must be included.

In the Description of Operations/Locations/Vehicles/Special Items Box:

1. Certificate Holder shall be named as Additional Insured, and any other policy endorsement required in the contract, for example, Waiver of Subrogation and Primary and Non-Contributory shall be stated.
2. Valley Water agreement or project number shall appear.
3. The list of policies scheduled as underlying on the Umbrella policy shall be listed.

If Consultant receives any notice that any of the insurance policies required by this document may be cancelled or coverage reduced for any reason whatsoever, Consultant or insurer shall immediately provide written notice to the designated Valley Water Contract Administrator that such insurance policy required is canceled or coverage is reduced.

Maintenance of Insurance

If Consultant fails to maintain such insurance as is called for herein, Valley Water, at its option, may suspend payment for work performed and/or may order Consultant to suspend all Consultant's work at Consultant's expense until a new policy of insurance is in effect.

Renewal of Insurance

Consultant will provide Valley Water with a current Certificate of Insurance and endorsements thirty (30) business days prior to the expiration of insurance.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Consultant shall instruct its insurance broker/agent to:

1. Submit all renewals of insurance certificates and required notices electronically in PDF format to:

2. Provide the following information in the "Certificate Holder" box:

   Santa Clara Valley Water District
   5750 Almaden Expressway
   San Jose, CA 95118
   Agreement No. XXXXX
   PlanetBid No. VW0594

   IMPORTANT: The Agreement number and/or PlanetBid number must be included.

Consultant must, at its sole cost and expense, procure and maintain during the entire period of this Agreement, or for such other time as required herein, the following minimum insurance coverage(s).

Required Coverages

1. **Commercial General/Business Liability Insurance** which shall be written on an occurrence basis with coverage as indicated below:

   $2,000,000 per occurrence / **$2,000,000** aggregate limits for bodily injury, personal and advertising injury, and property damage.

   General Liability insurance must include without limitation:

   a. Be written on standard ISO forms or inspected and approved by the Risk Manager.
   b. Include coverage at least as broad as found in standard ISO form CG 00 01.
   c. Contractual Liability expressly including liability assumed under this contract.
   d. Severability of Interest provision.
   e. Products-Completed Operations coverage.
   f. Broad Form Property Damage liability

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g. Include Premise and Operations
h. An endorsement covering damage to property in the care, custody, or control of the Consultant.

2. **Business Auto Liability Insurance** with coverage as indicated:

$1,000,000 combined single limit for bodily injury and property damage per occurrence, covering all owned, non-owned and hired vehicles.

3. **Professional/Errors and Omissions Liability** with coverage shall include without limitation:

$1,000,000 per claim/ **$2,000,000** aggregate.
If the policy has a self-insured retention (SIR), it shall not exceed one hundred thousand dollars ($100,000), unless expressly approved by Valley Water.

Professional/Errors and Omission Liability appropriate to the Consultant's profession, and the policy shall include:

a. Covers claims related to errors, omissions, or negligence in the delivery of professional services.
b. Includes defense costs, settlements and judgements arising from covered claims.
c. Coverage may be written on a claims-made form. If coverage is on a claims-made basis, the coverage must be maintained for at least 5 years after all Services under this Agreement are complete.
d. To the fullest extent permitted by law, contractual liability coverage for liability assumed under contract, for the indemnity obligations forth in this Agreement.
e. The policy must have a retroactive date which is the same as or predates the execution of this Agreement.

4. **Workers' Compensation and Employer's Liability Insurance**

Statutory California Workers' Compensation coverage covering all work to be performed for Valley Water.

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Employer Liability coverage for not less than $1,000,000 each accident; $1,000,000 policy limit bodily injury by disease; $1,000,000 each employee bodily injury by disease.

5. Cyber Liability

$1,000,000 per claim/ **$2,000,000** aggregate.

a. Liability arising from the unauthorized access to, disclosure, acquisition, loss, dissemination and/or use of Confidential Information. For purposes of this section, "Confidential Information" shall include but not limited to, personally identifiable information (PII), protected health information (PHI), financial accountant information, security codes, access codes, passwords, security codes or personal identification numbers (PINS), and any other information protected by the Agreement or applicable privacy laws;
b. Costs arising from mandatory or contractual notifications related to unauthorized access, disclosure, acquisition, loss, or use of confidential information and related mitigation costs, including but not limited to, credit monitoring, identity theft protection services, call center support, forensic investigation, legal fees, and regulatory fines or penalties imposed under the California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), or other applicable privacy and data protection laws;
c. Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks and ransomware coverage.
d. Liability arising from the introduction of a computer virus into or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network, or similarly related property and the data, software and programs thereon.
e. Certificate of Insurance shall clearly state that the coverage is claims-made.
f. Policy retroactive date must coincide with or precede the Consultant's start of work (including subsequent policies purchased as renewals or replacements).
g. Policy must allow for reporting of circumstances or incidents that might give rise to future claims.
h. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.

General Requirements

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

With respect to all coverages noted above, the following additional requirements apply:

1. **Additional Insured Endorsement(s):** Consultant must provide an additional insured endorsement for Commercial General/Business Liability (for both on-going and completed operations) Pollution Liability, and Business Automobile liability coverage naming **Valley Water, its Directors, officers, employees, and agents, individually and collectively,** as additional insureds, and must provide coverage for acts, omissions, and negligence arising out of the named insureds' activities and work. Other public entities may also be added to the additional insured endorsement as applicable, and the Consultant will be notified of such requirement(s) by Valley Water. This section does not apply to the Workers' Compensation, Cyber Liability, and Professional Liability policies.

   (**NOTE:** Additional insurance on the Certificate of Insurance is **NOT** acceptable without separate endorsement such as Form CG 20 10, CG 2033, CG 2037, CG 2038, and applicable endorsements for Waivers of Subrogation (CG 24 04) and Primary & Non-contributory (CG 20 01). Editions dated 07/04 are not acceptable.)

2. **Primacy Clause:** Except for Workers' Compensation and Professional Liability, Consultant will provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that consultant's insurance is primary with respect to any other insurance which may be carried by Valley Water, its Directors, its officers, agents and employees, and Valley Water's coverage must not be called upon to contribute or share in the loss. **NOTE:** This section does not apply to the Workers' Compensation or Professional Liability policies.

3. **Cancellation Clause**: Consultant or its insurer shall provide at least thirty (30) days prior written notice to Valley Water of cancellation of any insurance required under this Agreement.

4. **Acceptability of Insurers:** All coverages must be issued by companies admitted to conduct business in the State of California, which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by Valley Water's Risk Manager. Non-Admitted companies may be substituted on a very limited basis at the Risk Manager's sole discretion.

5. **Self-Insured Retentions or Deductibles:** Any deductibles or self-insured retentions must be declared to and approved by Valley Water. At the option of Valley Water, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Valley Water, its officers, officials, employees and volunteers; or the Consultant shall provide evidence satisfactory to Valley Water of its financial ability to satisfy the SIR. Consultant agrees that in the event of a claim they will pay down any agreed upon SIR in

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a prompt manner as soon as bills are incurred in order to trigger the insurance related to the SIR.

6. **Subconsultants:** The Consultant shall secure, maintain or shall be responsible for ensuring that all subconsultants performing the Contract Services secure and maintain all insurance coverages appropriate to their tier and scope of work in a form and from insurance companies reasonably acceptable to Valley Water.

7. **Amount of Liability not Limited to Amount of Insurance:** The insurance procured by Consultant for the benefit of Valley Water must not be deemed to release or limit any liability of Consultant. Damages recoverable by Valley Water for any liability of Consultant must, in any event, not be limited by the amount of the required insurance coverage.

8. **Coverage to be Occurrence Based: Except** for Professional Liability and Pollution Liability, all coverage must be occurrence-based coverage. Claims-made coverage is not allowed.

9. **Waiver of Subrogation:** Consultant agrees to waive subrogation against Valley Water to the extent any loss suffered by Consultant is covered by any Commercial General Liability policy, Automobile policy, Workers' Compensation, and Pollution Liability policy described in **Required Coverages** above. Consultant agrees to advise its broker/agent/insurer and agrees to provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that subrogation has been waived by its insurer.

10. **Severability of Interest**. Except for Workers' Compensation and Professional Liability, a severability of interest must apply to all the additional insureds, ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability.

11. **Non-compliance:** Valley Water reserves the right to withhold payments to the Consultant in the event of material noncompliance with the insurance requirements outlined above.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

LIST OF DOCUMENTS NEEDED

General Liability:	A.	Limits **($2,000,000/$2,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Auto Liability:	A.	Limits **($1,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Umbrella:	A.	Limits ($ enter amount $)	
	B.	Primacy (Endorsement or policy language)	
Workers Comp:	A.	Limits **(Statutory)** Employers' Liability **($1,000,000)**	
	B.	Waiver of Subrogation (Endorsement or policy language)	
	C.	Cancellation Endorsement	
Professional Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	
Cyber Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

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SCHEDULE OC
ON-CALL SCOPE OF SERVICES

1. Representatives

A. Valley Water's representatives are as listed below. Unless otherwise provided in this Agreement, all correspondence to Valley Water shall be addressed to Valley Water Project Manager (VWPM).

Michael Martin (VWPM)
Senior Water Resources Specialist
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3095
Email: michaelmartin@valleywater.org

Kurt Lueneburger
Environmental Services Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3055
Email: klueneburger@valleywater.org

John Bourgeois
Deputy Operating Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.2290
Email: jbourbeois@valleywater.org

B. Consultant's Project Manager is as listed below. All Valley Water questions pertaining to this Agreement shall be referred to the Consultant's Project Manager.

Meryka Dirks
ESA
Planner/Project Manager
775 Baywood Dr Suite 100
Petaluma, CA 94954

Phone: 408.660.4003
Email: mdirks@esassoc.com

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C. Consultant's Principal Officer for this Agreement is as listed below. As per the Agreement, Section Twelve, Miscellaneous Provisions, subsection 21. Notices, all notices pertaining to this Agreement must be submitted to the Consultant's Principal Officer.

Alisa Moore
Vice President, Northern California Water Business Group Director
575 Market Street, Suite 3700
San Francisco, CA 94105

Phone: 415.962.8440
Email: amoore@esassoc.com

2. Scope of Services

A. The Consultant will perform environmental planning and permitting services for Valley Water projects and programs to provide environmental compliance with the California Environmental Quality Act (CEQA) and other state and federal environmental regulations. Consultant's services will be requested on an "as-requested" or "as-needed basis" to assist Valley Water in accomplishing capital, maintenance, replacement, mitigation, and stewardship projects in a timely manner. Valley Water may request services from the Consultant at any time during the term of this Agreement and by staff at different levels of experience and expertise.

B. The scope of On-Call services may include tasks as described below:

1. Project Management
2. Development of goals and objectives, and Project Descriptions
3. Conducting environmental investigations, surveys and studies for environmental factors required by CEQA or NEPA.
4. Providing CEQA and/or NEPA analysis and documentation for Valley Water capital projects and operational programs.
5. Provide assistance with regulatory compliance processes.
6. Development of mitigation plans.

C. Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to

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adhere to certain federal contract provisions, which are attached hereto as Exhibit A, Federal Requirements to Appendix One, Additional Legal Terms, and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

3. Agreement Objectives

Valley Water implements capital projects and operational programs to meet its mission in water supply, flood protection, and watershed stewardship. The on-call services provided pursuant to this Agreement will augment the services of Valley Water staff and provide specific environmental planning and permitting expertise as needed.

All services required pursuant to this Agreement will be provided only on an as-needed/as-requested basis by the issuance of a Task Order by Valley Water to the Consultant. A specific scope will be developed for each task order which will define the deliverables for a total not-to-exceed amount. No work is authorized without a task order. The Consultant will perform services on a Task Order basis as authorized by the VWPM, as set forth in the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

4. Background

The mission of Valley Water is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

Valley Water is a public agency providing water supply, flood protection, groundwater management, and stream stewardship by managing an integrated water resources system on behalf of Santa Clara County's 2 million residents. Valley Water manages ten dams and surface water reservoirs, three water treatment plants, a state-of-the-art water quality laboratory, and more than 275 miles of streams. For information about Valley Water, visit www.valleywater.org.

5. Intent

A. Valley Water intends to retain up to five consultants to perform on-call environmental planning and permitting services for a four-year term with the option of a one (1) year extension, if it is in the best interest of Valley Water. Task orders will be issued on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to the selected firms. One or more of the selected firms will start up to one year later to provide flexibility and coverage at the end of the agreement term.
B. The deliverables, number of staff hours and proposed staff for each Task Order will depend on the nature and scope of services requested by Valley Water. The not-to-exceed fees of each Task Order will be negotiated with the services provided.

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C. Consultant may be awarded multiple Task Orders pursuant to this agreement, for the same Valley Water Project.
D. The Consultant will not be eligible to bid on future design services or construction projects for which they provided services if it creates a conflict of interest as discussed below.
E. Conflict of Interest. In addition to Valley Water's General Terms and Conditions, the following will apply with regard to conflict of interest:
   1) Consultant is precluded from performing services for any other entity, or in any other capacity for Valley Water, on the same Valley Water project, for which a Task Order has been issued.
   2) Task Orders will be voided when the Consultant cannot perform the Services due to a conflict of interest.
   3) Consultant must bring any conflict of interest to Valley Water's attention as soon as the Consultant is aware of the potential conflict.
   4) If Consultant is already performing services on a Valley Water project, unrelated to this Agreement, in any capacity, a Task Order related to that project will not be issued pursuant to this Agreement.

6. Assumptions and Requirements

A. General Assumptions and Requirements

1) **Manage Scope of Services**. Consultant shall manage the Scope of Services such that the work is completed within the Not-to-Exceed Fees limit and schedule for each Task Order and ensure that all services and deliverables meet Valley Water and Project requirements.

2) **Deliverable Format**. Consultant shall submit deliverables in both electronic and hardcopy format, if requested. Deliverables shall be submitted in PDF and native (editable) format, including Word documents, Excel spreadsheets, PowerPoint files, Autodesk files, etc. Valley Water may require original copies of signed documents and/or scanned (Adobe PDF) versions.
   a. Valley Water Standardization Requirements
      (1) Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed for each Task Order pursuant to this Agreement.

      (2) Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional

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cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages (for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by the Consultant.

(3) Spatial data shall be provided as requested consistent with Valley Water Standards for GIS Products dated April 2021, or as subsequently amended.

3) **Review of Deliverables**. Valley Water will review and comment on all Project deliverables and forward to the Consultant for revision and preparation of final versions. As determined by Valley Water, some of the deliverables may also be subject to review and comment from regulatory agencies and stakeholders following Valley Water review process.

4) **Valley Water Quality Environmental Management System**. Valley Water maintains a Quality Environmental Management System (QEMS) which has procedures, guidelines, and work instructions for the performance of various Valley Water work. If requested, Consultant will perform the applicable Agreement tasks and/or subtasks in accordance with the QEMS framework. In such situations, the VWPM will provide the Consultant with the specific QEMS procedure, guidelines, and/or work instruction prior to the production of deliverables.

5) **Consultant Responsibility**. Consultant, with its expertise in performing the Services described herein, is responsible for making the appropriate assumptions in each task to complete deliverables and to achieve the objectives of this Agreement and for each Task Order.

6) **Document Control.** Consultant is responsible for establishing and maintaining its own document control system to execute this Scope of Services. An internal document control system is maintained by Valley Water.

7) **File Exchange Service.** Consultant will provide a file exchange service, accessible to all parties as designated by Valley Water, to facilitate communications; particularly of large files (over 3 megabytes). Any difficulties using and transmitting information with this exchange service shall be resolved by the Consultant. In the event that transmitting or receiving information does not occur in a timely manner, Valley Water will not be responsible for delays in completing Project work. Consultant may need to coordinate with Valley Water's Information Technology Division to address any firewall issues and/or permissions required to allow for these communications.

8) **Quality Assurance / Quality Control (QA/QC) Program.**

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a. Consultant will develop and implement ongoing, proven QA/QC procedures. Consultant will implement a formal Quality Management Program to ensure that Valley Water receives quality-controlled deliverables. The Program will include quality control checks of calculations and work products, as well as quality assurance reviews and documentation of the quality control process. Consultant's QA/QC procedures will include a review of all deliverables using appropriately qualified technical resources and advisors.

b. The QA/QC procedures must include details and methodology for reviewing documents, including technical memos, and cost estimates. Reviews will be assigned, and sign-off procedures will be documented.

c. Consultant must maintain records that demonstrate that quality reviews were performed on Consultant and Subconsultant deliverables.

7. Scope of Services Tasks Orders

The Valley Water Project Manager will identify and communicate the applicable objectives, tasks, and services for each Task Order to the Consultant which may be based on tasks listed below. With an understanding of the tasks and services required, the Consultant will prepare a draft Task Order proposal in accordance with the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

Project Management

The Consultant shall manage the overall Scope of Services, and services identified for individual Task Orders, such that the work is completed within the not-to-exceed fees limit and in accordance with the Project Schedule stated in each Task Order, while ensuring that all services and deliverables by the Consultant meet Valley Water requirements. The Consultant will identify the project control activities, regular check-in meetings, schedule, QA/QC procedures, and other management and coordination necessary to successfully complete the Task Order. Assumptions and deliverables will be established for each Task Order.

Development of Project Description

Consultant may develop the formal project description of capital projects or operational programs. This work may include:

- Development of problem definitions, goals and objectives
- Analysis of existing data and information or otherwise compiling data and information relevant to the project
- Preparation of base maps and other figures

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- Screening alternatives

Environmental Investigations, Survey, and Studies

Consultant may conduct environmental studies in support of CEQA/NEPA analysis and/or permitting for capital projects or operational programs. Examples of studies that may be requested include (but is not limited to):

- Research and documentation of the regulatory setting.
- Biological Resources – surveys for sensitive species, wetland delineations.
- Noise - noise monitoring, modeling noise impacts from construction equipment and operations.
- Traffic - establishing baseline conditions, modeling trip generation.
- Visual - developing visual simulations or evaluating visual impacts.
- Air Quality – establishing baseline condition, modeling construction related emissions, greenhouse gas emissions, evaluating health risks from emissions.
- Hydrology/Hydraulics - creek flow, flood risk, sediment transport, stormwater.
- Cultural / Tribal Resources – conducting records searches, conducting pedestrian surveys, evaluating historic resources, coordinating monitoring, and preparing cultural resource reports and DPR Forms 523.
- Wildfire – conducting hazard risk assessments.
- Hazards / Hazardous Materials – Records searches and conducting site assessments.
- Socioeconomic factors

Environmental Evaluation

Consultant may prepare environmental analyses in support of capital projects or operational programs. This work may include:

- Providing expert review and technical advice to address special environmental planning needs.
- Preparation of documents required by the California Environmental Quality Act (CEQA) such as Initial Studies, Mitigated Negative Declarations, Environmental Impact Reports, and supplemental and subsequent documents.
- Development of documents under the National Environmental Policy Act (NEPA).
- Support of public outreach under CEQA such as scoping meetings and public hearings.
- Preparation of response to public comments.
- Preparation of findings required under CEQA.
- Preparation and maintenance of the administrative record

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Regulatory Permitting Assistance

Consultant may support natural resource agency regulatory permitting and consultation activities for capital projects or operational programs with the United States Army Corp of Engineers (USACE); United States Fish and Wildlife Service (USFWS); National Marine Fisheries Service (NMFS); Valley Habitat Agency (VHA); California Department of Fish and Wildlife (CDFW); State Office of Historic Preservation (SHPO); Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Boards (RWQCB) and the State Water Resources Control Board (SWRCB). Requested work may include (but is not limited to):

- Preparation of draft and final permit applications and materials, including supporting technical documentation.
- Provide support to Valley Water during permit negotiations. This support may take the form of providing expert review and strategizing with Valley Water, preparing handouts and/or displays, attending meetings to answer questions and/or give short presentations.
- Cultural and Historic Resources permitting and consultation. Under direction of Valley Water, the consultant will develop applicable technical materials for compliance with Section 106 of the National Historic Preservation Officer (SHPO) as applicable.
- Provide documentation associated with Valley Habitat Plan (VHP) compliance requirements including but not limited to ground cover verification, completion of draft and final VHP reporting forms, calculations of applicable fees.

Mitigation Plans

The Consultant may develop mitigation plans, monitoring plans, or similar for projects and programs to meet mitigation and permit requirements.

8. Attachments

The following Standard Consultant Agreement listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

1. Total Authorized Funding

Total payment for Services performed, to the satisfaction of Valley Water, as described in the Schedule(s) will not exceed a total amount of **$3,000,000** Not-to-Exceed Fees or NTE. Under no conditions will the total compensation to the Consultant exceed NTE payment amount without prior written approval in the form of an amendment to this Agreement executed by Valley Water's Board of Directors (Board), or Chief Executive Officer, or designee, as authorized by the Board. The NTE also represents an Aggregate Fee amount that shall apply to each On-Call Agreement awarded for on-call environmental planning and permitting services. There is no guarantee of any particular amount of compensation to Consultant under this Agreement.

2. Terms and Conditions

A. Payments for services performed which applies to the specific Services, will be based on the following terms:

1) Valley Water will pay for Services provided by the Consultant according to the schedule of rates for professional, technical, and administrative personnel as well as materials and supplies as listed below in the Hourly/Unit Rate Schedule.

2) The stated hourly rates are effective for the term of this Agreement unless otherwise revised as indicated. After 12 months from the date this Agreement is entered into by parties ("anniversary date"), and each 12 months thereafter, these hourly rates may be negotiated by the Consultant and Valley Water, provided Consultant submits written notice to Valley Water of Consultant's request to revise the hourly rates 90 calendar days prior to the anniversary date of this Agreement. Both parties will use as a benchmark for negotiations the percent change for the previous 12 months of the "Employment Cost Index (ECI), for total compensation for private industry workers, for the San Francisco-Oakland-San Jose, CA CSA Census region and metropolitan area (not seasonally adjusted)" as published by the U.S. Department of Labor, Bureau of Labor Statistics, or 2%, whichever is less. A negative index will result in rates remaining the same. Such rate revisions are subject to written approval by Valley Water's Deputy Operating Officer.

B. **Reimbursable Expenses**

1) All reimbursable expenses not already covered in overhead may include, but are not limited to, mapping, rendering, printouts, leased equipment, mailing and delivery services, printing services, film and processing, plotting, and supplies. These other direct expenses as approved by Valley Water Project Manager (VWPM) will be billed on a monthly basis at actual cost plus 5% linked to each Agreement Task, provided that the Task total NTE amount is not exceeded. Consultant shall provide detailed receipts for each other direct expense item(s) with monthly invoices submitted. No

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markup will be applied to reimbursable expenses, either by the Consultant or by its subconsultants, subcontractors, or vendors. Consultant shall provide invoices for all such services regardless of cost.

2) Equipment purchased on behalf of Valley Water that costs $50 or more must receive the prior written approval of Valley Water Project Manager (VWPM). All equipment purchased on behalf of Valley Water and paid for by Valley Water shall become the property of Valley Water and be delivered to Valley Water prior to expiration of this Agreement.

3) Travel expenses are reimbursed at actual costs. Travel and overnight accommodations, including per diem, required for performance of this Agreement will be paid at reasonable cost not to exceed the U.S. General Services Agency Per Diem Rates for Sunnyvale/Palo Alto/San Jose, California area, provided prior approval has been obtained from Valley Water Project Manager (VWPM). For air travel, Valley Water will pay the cost of a coach class or equivalent ticket. Where air travel is required, Valley Water will pay the total cost of taxi, rideshare, public transportation, or a rental car, which may include insurance, gas, car fee, and taxes and will be paid at the actual costs incurred. Vehicle rental is limited to a compact or economy model, unless prior approval has been obtained from Valley Water Project Manager (VWPM) for a different type of vehicle.

4) Expenses incurred by the Consultant, including for Subconsultants, subcontractors and vendors, including lab services, will be reimbursed at actual cost plus 5%. Consultant shall provide invoices for all such services regardless of cost. The 5% markup will be applied only once, either by the Consultant or by its subconsultants, subcontractors, or vendors.

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

HOURLY/UNIT RATE TABLE

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Consultant: Environmental Science Associates	
Consultant 1	$107.08
Consultant 2	$133.85
Associate Consultant 1	$147.23
Associate Consultant 2	$167.31
Senior Consultant 1	$174.00
Senior Consultant 2	$204.12
Managing Consultant 1	$217.50
Managing Consultant 2	$261.00
Principal Consultant 1	$244.27
Principal Consultant 2	$281.08
Senior Principal Consultant 1	$321.23
Senior Principal Consultant 2	$351.35
Subconsultant: Alta Planning + Design	
Senior Planner	$244.15
Associate Planner	$195.86
Subconsultant: A-T-S	
Cultural Resources Lead	$234.00
Senior Project Manager/Biological Resources and Water Quality Lead	$167.05
Lead Paleontologist	$169.00
Lead Archaeologist	$135.20
Lead Botanist	$162.50
Lead Wildlife Biologist	$156.00
Resource Agency Permitting Lead	$165.00
Subconsultant: Environmental Vision	
Principal Visual Analyst	$165.11
Visual Analyst	$114.95

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Subconsultant: Sequoia Ecological Consulting, Inc.	
Field Technician	$99
Staff Biologist	$116
Associate Biologist	$138
Project Biologist	$165
Resource Specialist	$182
Sr. Biologist	$198
Sr. Scientist	$204
Sr. Technical Specialist	$243
Sr. Regulatory Specialist	$276
Assistant Project Manager	$182
Project Manager I	$193
Project Manager II	$204
Sr. Project Manager	$232
Program Manager	$287
Principal	$320
Sr. Principal	$353
Botanist/Arborist	$142
Sr. Botanist/Arborist	$194
Clerical	$99
Project Administrator	$149
Technical Editor	$165
Sr. Technical Editor	$176
GIS Technician I	$149
GIS Technician II	$171
GIS Analyst	$193
GIS Project Manager	$209
GIS Specialist	$221
GIS Program Manager	$254

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SCHEDULE EP
ATTACHMENT TWO
SCHEDULE OF COMPLETION

This Agreement commences on the Effective Date, subject to accomplishment of all conditions to formation of an agreement listed in the Standard Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 2. Formation of Agreement.

1. This Agreement expires 4 years after the Effective Date, unless Valley Water, at its sole discretion, extends the term of the Agreement by exercising its one (1) one-year option period. An extension of the term of this Agreements must be in the form of a written amendment and signed by both Parties.

2. Each Task Order will state the schedule for Consultant's performance of that Task Order.

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

1. Consultant's key staff assigned to the Project are as follows:

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Alisa Moore	Senior Principal Consultant 2	Contract Director	575 Market Street, Suite 3700 San Francisco, CA 94105 415.962.8440 amoore@esassoc.com
Meryka Dirks	Managing Consultant 2	Contract Manager	775 Baywood Dr Suite 100Petaluma, CA 94954 408.660.4003 mdirks@esassoc.com
Heidi Koenig	Principal Consultant 2	Archaeological Cultural Resources Lead	775 Baywood Dr Suite 100Petaluma, CA 94954 707.795.0920 hkoenig@esassoc.com
Brian Pittman	Principal Consultant 2	Biological Resources Lead	775 Baywood Dr Suite 100Petaluma, CA 94954 707.787.7557 bpittman@esaassoc.com
Priya Finnemore	Managing Consultant 1	Regulatory Compliance & Permitting Lead	2600 Capitol Avenue Suite 200 Sacramento, CA 95816 415.962.8458 pfinnemore@esassoc.com

2. The following Subconsultants and Subcontractors are authorized to perform Services pursuant to this Agreement:

Firm	Project Role	Contact Information (Address, Phone and Email)
Alta Planning + Design	Traffic Studies and Planning	304 12th Street, Suite 2A, Oakland, CA 94607 (510) 540-5008 migilee@AltaGo.com

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Firm	Project Role	Contact Information (Address, Phone and Email)
A-T-S	Archaeological and Cultural Resources Support	5 Third St. Suite 1010, San Francisco, CA 94103 (415) 777-4281 enssani@a-t-s.com
Environmental Vision	Visual Simulations & Photos	2560 Ninth St, Berkeley, CA 94710 (510) 540-4882 cc@environmentalvision.com
Sequoia Ecological Consulting, Inc.	Environmental investigations required by CEQA or NEPA. Assistance with regulatory compliance processes.	1342 Creekside Dr, Walnut Creek, CA 94596 (925) 855-5500 info@sequoiaeco.com

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SCHEDULE OC
ATTACHMENT FOUR
REFERENCE MATERIALS

Ref No.	Description
1	Santa Clara Valley Water District Non-Disclosure Agreement (NDA) (FC 1650)
2	Santa Clara Valley Water District (Valley Water) Standards for GIS Products April 2021 version: http://gis.valleywater.org/Download/GIS_PRODUCT_STANDARDS.pdf

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This agreement (Agreement) is effective once fully executed (Effective Date), by and between SANTA CLARA VALLEY WATER DISTRICT (Valley Water or District), and GEI CONSULTANTS, INC., a Massachusetts corporation (Consultant), individually the Party or collectively the Parties.

WHEREAS, Valley Water desires certain services hereinafter described and Consultant affirms it has the requisite experience and expertise, and desires to provide such services.

NOW, THEREFORE, Valley Water and Consultant, for the consideration and upon the Terms and Conditions specified, agree as follows:

SECTION ONE
SCOPE OF SERVICES

The Scope of Services (Services) to be performed pursuant to this Agreement is described in the Schedule, Scope of Services, attached hereto and incorporated herein by this reference (Schedule). Valley Water may require Consultant to provide all or a portion of these services (Services) through subsequently executed task orders (Task Orders). Task Orders will be in the form of the template described in Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders and in the Standard On-Call Consultant Agreement, Appendix Three, Task Order Template. These Services will be provided on an on-call basis (On-Call).

SECTION TWO

DUTIES OF CONSULTANT

1. Performance

A. Each Scope of Service described in an attached Schedule must be performed by Consultant, or at its direction, to meet the purposes specified in this Agreement. References to “Consultant” herein include those performing any portion of the Services at its direction such as Subconsultants, vendors, suppliers, subcontractors, and other business entities and individuals. Consultant will collaborate with Valley Water staff in engineering, asset management, operations, and maintenance units to be made aware of Valley Water operational constraints, procedures, or preferences relevant to Consultant’s performance of the Services described in the attached Schedule.

B. Unless the requirements for the Services described in the attached Schedule are specifically modified in writing, Consultant must perform Services and provide all deliverables as required.

C. Consultant shall not undertake any Services not described in the attached Schedule unless authorized in writing by Valley Water prior to the performance of such Services by issuance of a Task Order or pursuant to an amendment to this Agreement signed by both Parties.

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2. Consultant Controlled Areas

Consultant is responsible for the security and safety of the area(s) it controls wherein it is required to perform field operations pursuant to the Scope of Services.

3. Licensing

Services performed by Consultant will be undertaken only by persons appropriately licensed, certified, or registered in California, as applicable to the Services described herein, when required by statutes or regulations, as well as pursuant to the relevant standard of care as described in Section Two, Duties of Consultant, subsection 11. Standard of Care. Examples of such Services include those performed by: California State Licensed Contractors, Professional Engineers and Architects, Inspectors, and Surveyors. Consultant shall make available upon Valley Water's request documentation of qualifications and licensing of personnel performing Services described herein. Consultant must be registered with the California Department of Labor Standards Enforcement if the Services or a portion thereof is determined to be "Public Works" pursuant to California Labor Code §1720(a)(1).

4. Valley Water's Approval of Deliverables

Deliverables prepared by Consultant, notwithstanding acceptance and approval by Valley Water, which Valley Water determines must subsequently be modified due to errors or omissions, will be corrected at no additional cost to Valley Water.

5. Errors and Omissions

The Services may include preparation of deliverables by Consultant to be implemented in a public works construction project. Consultant is responsible for any direct or actual damages incurred by Valley Water which Valley Water determines result from Consultant's errors or omissions in Consultant's deliverables, including, but not limited to, any increase in the Valley Water's payment(s) due to its construction contractor, which increase is directly attributable to required revisions to the construction Contract Documents to the extent caused by Consultant's negligent acts, errors, or omissions.

6. Valley Water Standardization Requirements

A. Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed pursuant to this Agreement.

B. Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages

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(for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by Consultant.

7. Consultant's Key Staff and Subconsultants

A. Consultant's Key Staff and firms subcontracted by Consultant (Subconsultants) assigned to perform the Services are identified in the Schedule(s), Scope of Services, Attachment Three, Consultant's Key Staff and Subconsultants.

B. The Project team organization chart and delegated responsibilities of each team member will be submitted to Valley Water for concurrence.

C. Consultant may utilize Subconsultants, subcontractors, suppliers, or vendors it deems appropriate to the complexity and nature of the required Services.

1) Consultant must obtain Valley Water's approval of all Subconsultants. Upon Valley Water's request, Consultant must provide copies of all Subconsultant agreements.

2) Consultant must require its delegates or Subconsultants to agree, in writing, to adhere to Terms and Conditions of this Agreement.

D. Any delegation or use of Subconsultants by Consultant will not operate to relieve Consultant of its responsibilities as described in this Agreement.

E. If any of Consultant's designated key staff persons or Subconsultants fail to perform to the satisfaction of Valley Water, on written notice from Valley Water, Consultant will have 15 calendar days to remove that person from the Project and provide a replacement acceptable to Valley Water.

F. Consultant will not charge Valley Water for the time it takes Consultant's replacement personnel to obtain Valley Water-specific Project knowledge in the possession of the person(s) being replaced.

G. Consultant's Key Staff: Valley Water's Project Manager (Valley Water Project Manager) or authorized representatives may approve any revisions to Consultant's list of key staff assigned to the Project as an administrative modification to this Agreement, and such approval will be confirmed in writing.

H. Consultant's Subconsultants

1) Valley Water's authorized representatives may approve any revisions to Consultant's list of authorized Subconsultants when the Subconsultant is deleted from the list and the Scope of Services is deleted from the Agreement or such services are assumed by Consultant; such approval will be confirmed in writing.

2) Valley Water's authorized representative may approve any revisions to Consultant's list of authorized Subconsultants when a listed Subconsultant is replaced (to perform the same Scope) or a new Subconsultant is added (to perform new Scope), provided the firm complies with all insurance requirements established by the Valley Water for such work; such approval will be confirmed in writing.

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8. Compliance with All Laws

A. Consultant's performance must be in compliance with the most current versions of any and all laws relevant to the Services it performs pursuant to this Agreement, including, but not limited to adherence to: all applicable governmental laws, statutes, ordinances, rules, codes, regulations, orders, and other requirements; governmental requirements applicable to state and federal compliance with the Professional Land Surveyors Act; state and federal Endangered Species Act; state and federal water quality laws; and all other state and federal laws or regulations regarding environmental protection and compliance, health, safety, wages, hours, equal employment opportunity, nondiscrimination, working conditions, and transportation. In the event that Valley Water's assistance is necessary to achieve such compliance, Consultant shall promptly notify Valley Water.

B. Consultant shall provide, at Valley Water's request, documentation demonstrating Consultant's compliance with all laws as described herein. After reasonable notice and according to reasonable conditions, Valley Water has the right to inspect and copy any records of Consultant regarding such compliance.

C. Consultant represents and warrants that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal government department or agency.

9. Occupational Safety and Health

A. Consultant will perform the Services in compliance with the most current versions of all laws, standards, rules, and regulations of the Occupational Safety and Health Act, and all state and federal laws and regulations relating to safety and health standards. Consultant shall perform the Services in compliance with, will furnish only supplies, articles, and equipment that comply with such laws, standards, and regulations.

B. Consultant shall immediately notify Valley Water in the event of any personal injury accident or occurrence occurring during the performance of the Services. Upon Valley Water's request, Consultant shall provide Valley Water with documentation fully describing the accident and injury and the actions implemented to prevent similar occurrences.

10. Consultant as Independent Contractor

Consultant will perform all Services as an independent contractor and not an agent or employee of Valley Water. Consultant represents and warrants that it and its contractors who are performing any of the Services as Subconsultants will perform such Services as an independent contractor, and neither Consultant nor Subconsultants nor their employees are the servants, agents or employees of Valley Water. Except as expressly provided in this Agreement, Valley Water exercises no direction, supervision or control over Consultant, its employees, agents, or Subconsultants.

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11. Standard of Care

A. Consultant must possess and maintain during the term of this Agreement all certifications, licenses, permits, and qualifications to perform the Services and prepare all deliverables. Consultant must perform all Services and prepare all deliverables in accordance with those standards and practices of care, skill, and diligence that are generally recognized and customarily observed by competent persons in Consultant's area of specialty in the State of California at the time such Services are rendered.

B. Consultant shall perform the Services and prepare all deliverables without any errors or omissions, and in accordance with Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

C. Consultant and its Subconsultants must perform the Services in compliance with all applicable written federal, state and local codes, statutes, laws, regulations, and ordinances, including, but not limited to, environmental, energy conservation, and disabled access requirements as per the provisions of Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

SECTION THREE

DUTIES OF VALLEY WATER

1. Available Data

Valley Water will make available to Consultant all data and information in its possession and control and which it deems necessary to the preparation of the deliverables specified in the Schedule. Valley Water will actively aid and assist Consultant in obtaining such information from other agencies and individuals as it deems necessary. Valley Water is not responsible for providing data and information that it does not possess.

2. Review of Deliverables

A. Valley Water will designate a Project Manager (Valley Water Project Manager or Authorized Representative) for purposes of administering and managing this Agreement.

B. Consultant's progress in completing the Services will be reviewed by Valley Water Project Manager at each milestone identified in an executed Task Order or at such other time(s) at the discretion of Valley Water.

C. Consultant must notify Valley Water in writing when it completes and has submitted to Valley Water each deliverable as per an executed Task Order. Deliverables deemed satisfactory and in compliance with this Agreement are subject to approval by Valley Water. Within 30 calendar days of receipt of each deliverable, Valley Water will either (1) notify Consultant that Valley Water accepts the deliverable, or (2) notify Consultant that the deliverable is not acceptable and must be revised.

D. If Valley Water advises Consultant that a deliverable must be revised due to errors or omissions by Consultant, Consultant must correct, at no cost to Valley Water, those

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deficiencies as soon as possible and shall notify Valley Water upon completion of the revised deliverable and submit to Valley Water.

E. Valley Water will then review the revised deliverable and within 30 calendar days of receipt, advise Consultant if the revised deliverable is acceptable. All deficient deliverables will be revised at no cost to Valley Water and this process will continue until Consultant has corrected all deficiencies identified by Valley Water.

F. None of the proposed changes or revisions or anything else in this Agreement will be construed to relieve Consultant of professional or legal responsibility for the performance of the Services as otherwise required by the Terms and Conditions of this Agreement. Corrections to any deliverable as a result of Consultant's errors or omissions, as determined by Valley Water, will not result in additional costs or expenses to Valley Water.

3. Access to Valley Water Facilities

Valley Water will facilitate access to Valley Water facilities as required for Consultant to perform the Services.

SECTION FOUR

FEES AND PAYMENTS

1. Total Fixed Not-to-Exceed Fees

A. Payment for all Services performed by Consultant to the satisfaction of Valley Water, as described in the Schedule will be based on the hourly rates, subject to the Total Fixed Not-to-Exceed (NTE) Fees stated in the Schedule, Attachment One, Fees and Payments. Valley Water will make payments to Consultant according to the terms provided for herein and in the Schedule, Attachment One, Fees and Payments. Payments made by Valley Water to Consultant for Services rendered will be considered full compensation for all personnel, materials, supplies, Subconsultant(s), equipment, and reimbursable expenses, incurred by Consultant to perform the Services. All Service requests will be made by Valley Water on an as-needed basis, subject to future Task Order(s) executed by Valley Water and Consultant.

B. It is understood and agreed that there is no guarantee, either expressed or implied, as to the actual dollar amount, if any, of services that will be authorized under this Agreement, and that Valley Water is not obligated to request any service(s) from Consultant at all. However, in valuable consideration for Consultant's agreement to be on-call to perform services for Valley Water upon request with no minimum guaranteed amount of work, Valley Water will pay Consultant Five Hundred Dollars ($500) on or before the expiration of this Agreement if Valley Water has not requested to utilize Consultant's services during the agreement term.

C. The Schedule, Attachment One, Fees and Payments, sets forth the hourly rates and NTE fee, if any, for Services Consultant may perform pursuant to an executed Task Order.

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D. Services to be performed pursuant to a Task Order will commence only after written approval by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms, and Consultant's authorized representative.

E. Notwithstanding any other provision of this Agreement, Valley Water agrees to pay Consultant in accordance with the terms set forth in an executed Task Order. Consultant represents and warrants that the amounts charged to Valley Water for Services do not exceed the amounts normally charged by Consultant to other customers for similar Services.

F. Upon the written approval of Valley Water, the Services described in a Task Order task may be reduced, revised, or deleted.

G. Automobile travel mileage expenses will be paid at the current Internal Revenue Service (IRS) rate. Valley Water will not reimburse Consultant nor its Subconsultants for mileage nor travel time to and from Valley Water Headquarters and surrounding campus located at 5700 Almaden Expressway, San Jose, California. However, Valley Water will reimburse Consultant and its Subconsultants for mileage incurred from Valley Water Headquarters or Consultant's and Subconsultants' firm addresses, whichever is closer to the destination, to Project site(s) and, if directed or authorized by Valley Water, to meeting locations such as with regulatory agencies, for community outreach activities and meetings, for partnering meetings, and Dispute Review Board meetings.

2. Consultant Invoices

A. Consultant's invoices will be prepared in accordance with the terms of this Agreement, Section Four, Fees and Payments, and represent Services performed and reimbursable costs incurred during the identified billing period. Invoices must be consistent with Scope of Services and executed Task Orders; and include the following:

1) Employee classification and name itemized with all labor charges by Service task;

2) Summary of the amount Consultant has been billed by their Subconsultants and further detailed by Service task;

3) A description of the site where Services were performed, if applicable;

4) The name of Valley Water staff requesting Services;

5) The dates when Services were performed;

6) Other direct charges and reimbursable expenses by Task Order task;

7) Other direct charges and expenses must reflect actual fees versus the Task Order not-to-exceed fees as stated in the Schedule(s), Attachment One, Fees and Payments, and/or Task Orders;

8) Level of Small Business (SB) participation, if applicable, documenting the level of SB participation for each Task Order;

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9) The total amount due for completing the Services specified in that Task Order, which must not exceed the not-to-exceed amount specified in that Task Order; and

10) To the extent that Consultant is adding an administrative, processing, overhead or mark-up fee, Valley Water will not pay for such duplication of costs for both Consultant and its Subconsultants.

B. Before submitting monthly invoices, a draft invoice (in Adobe PDF format) will be provided in electronic format by the Consultant for preliminary review by Valley Water Project Manager. Upon preliminary approval by Valley Water, Consultant will email the complete, signed, and dated electronic copy invoice, including all supporting documentation. Valley Water's preliminary review of the draft invoice does not represent final approval of the electronic copy invoice, but is intended to reduce potential for re-submittals of electronic copy invoice by Consultant.

C. Invoices will include a summary of labor expenditures, direct costs, and billed Subconsultant charges. Invoices will be organized such that the billing categories correspond with the Task Order.

D. Notwithstanding language to the contrary in an executed Task Order, Consultant must invoice Valley Water for a Task Order within 30 calendar days of Valley Water accepting the deliverables of that Task Order.

E. Consultant shall submit all invoices through Projectmates or other document control system designated by Valley Water. All inquiries regarding Projectmates must be directed to Valley Water's Capital Project Management and Project Controls Program (CPMPC@valleywater.org). Consultant must also ensure that each invoice and corresponding attachments contain the following information:

1) Agreement number;

2) Consultant Invoice number in the following format: Agreement Number followed by a three-digit consecutive numbering sequence and separated by a period. For example, A1234A.001, A1234A.002, etc.

3) Task Order number;

4) Full legal name of Consultant/Firm;

5) Payment remit-to address;

6) Invoice date (the date invoice is emailed);

7) Detailed description of Services provided, including the "distribution account(s)" for those Services;

8) Number of hours spent by each person performing services and a brief description of the Services performed by each person; and

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9) Beginning and end date for billing period that services were provided.

F. Consultant shall invoice for its performance of the Services as stated in an executed Task Order on a monthly basis consistent with the task fee breakdown stated in the Task Order(s), Attachment A. Unless otherwise specified in a Task order, Consultant will be paid for the Services as described in an executed Task Order.

G. Valley Water Project Manager will review Consultant's written invoice within five Valley Water business days of receipt, address any questions with Consultant's Contact/Principal Officer and approve the undisputed amount of the invoice within ten working days of receipt of the invoice. Valley Water will pay undisputed invoice amounts within 30 calendar days from date invoice is received by Valley Water Project Manager.

H. Invoice Disputes

1) Valley Water may in good faith assert a bona fide dispute as to all or a portion of fees specified in any invoice. If any portion of an amount due to Consultant pursuant to this Agreement is subject to a bona fide dispute between the Parties, within 30 calendar days of Consultant's submission of an invoice in which a disputed amount is included, Valley Water will notify Consultant in writing of the specific items in dispute, and will describe Valley Water's reason(s) for disputing each such item.

2) Consultant and Valley Water Project Manager must act in good faith to resolve the dispute in a timely manner. If the dispute is not resolved by Consultant and Valley Water Project Manager within 30 calendar days of Consultant receiving Valley Water's written notice of dispute, Consultant and Valley Water will attempt to resolve the dispute pursuant to the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

I. Consultant's Services will be performed by its staff members and Subconsultants' staff members at the lowest hourly and unit rates commensurate with the complexity of the required Services.

J. Consultant shall ensure that its personnel performing services pursuant to this Agreement document their time doing so.

3. Prevailing Wages [NOT USED]

A. A portion of the Services to be performed pursuant to this Agreement may be considered "Public Works" subject to California Labor Code §1771, et. seq. and the applicable implementing regulations. If Consultant's Services includes such work, Consultant and its Subconsultants must comply with all Labor Codes applicable to prevailing wages.

B. Labor Code §1720 provides as follows:

"(a) As used in this chapter, "public works" means all of the following:

(1) Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public

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authority. For purposes of this paragraph, "construction" includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, "installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems."

C. Consultant and its Subconsultants shall not engage in the performance of public work, as defined in California Labor Code §1771.1, unless currently registered and qualified to perform public work pursuant to California Labor Code §1725.5.

D. The General Prevailing Wage Rates issued by the California Department of Industrial Relations may be adjusted by the State throughout the term of this Agreement. Notwithstanding any other provision of this Agreement, Consultant will not be entitled to any adjustment in compensation rates in the event there are adjustments to the General Prevailing Wage Rates.

E. This Agreement is subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations. Upon request, Consultant and Subconsultants must furnish the records specified in Labor Code §1776 directly to the Labor Commissioner, in a format prescribed by the Labor Commissioner.

F. All records or documents required to be kept verifying statutory compliance with the prevailing wage requirement, such as certified payroll records, must be made available for audit at no cost to Valley Water, at any time during regular business hours, upon written request by Valley Water. Records and documents to be provided in electronic or hard copy format, at Valley Water's discretion.

G. **California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements**

Prior to Valley Water executing a Task Order for Services involving public works, as defined herein, Consultant, and its Subconsultant(s) performing public works, must provide evidence, in the form required by Valley Water, that Consultant and its Subconsultant(s) are in compliance with the California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements.

4. Retention

A. Unless otherwise specified in an executed Task Order, ten percent of each invoice for that Task Order will be withheld by Valley Water and not paid to Consultant until 30 calendar days after the assigned Valley Water representative signs the final approval for all Services/deliverables as stated in the executed Task Order, consistent with Section Three, Duties of Valley Water, subsection 2. Review of Deliverables.

B. Consultant may request, and Valley Water may consider and approve, release of retention withheld by Valley Water.

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SECTION FIVE

SCHEDULE OF COMPLETION

1. Performance of Tasks

Consultant will commence performing the tasks described in the Scope of Services of an executed Task Order upon receipt of the Task Order Notice to Proceed (NTP) issued by Valley Water.

2. Task Order Schedule

Consultant will perform and complete the Services in accordance with the schedule (Schedule) as described in each Task Order. Consultant will coordinate Services with Valley Water to provide the timeline of all tasks and subtasks including the site visits, document review, meetings, and deliverables.

3. Project Delays

Consultant will make all reasonable efforts to comply with the Schedule as stated in a Task Order. In the event the Task Order Schedule will be delayed, Consultant will notify Valley Water Project Manager as soon as possible, providing the reason why, the length of the delay, and a description of the actions being taken to address the delay. In the event Consultant is delayed in performance of its Services by circumstances beyond its control, Valley Water may, at its discretion, grant a reasonable adjustment in the Schedule.

4. Changes to the Schedule

Valley Water's Project Manager and Consultant may agree to modify the Schedule specified for Consultant's performance in an executed Task Order as an administrative modification to the Task Order and will confirm such modifications in writing.

SECTION SIX

AGREEMENT MODIFICATIONS

The Parties may agree to modify the Terms and Conditions of this Agreement by executing a written amendment hereto.

SECTION SEVEN

TERM AND TERMINATION

1. Term & Automatic Termination

No Task Order will be written which extends beyond the expiration date of this Agreement. Consultant will not undertake to provide Services where it reasonably appears that the

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Services cannot be performed and completed within the Term of this Agreement. Uncompleted and/or unfinished Task Orders will co-terminate with this Agreement.

2. Valley Water Rights

A. Suspension: Valley Water may, by written notice to Consultant, suspend any or all Services pursuant to this Agreement or to any individual Task Order. Valley Water may subsequently terminate this Agreement or any Task Order for convenience or determine to proceed. If a decision to proceed is not made within 90 days from the date of the notice of suspension, any decision to proceed must be conditioned upon execution of a new Notice to Proceed or Task Order.

B. Termination for Convenience: Valley Water may, by written notice to Consultant, terminate all or part of this Agreement or any Task Order at any time for Valley Water's convenience. Upon receipt of such notice, Consultant will immediately cease all work as specified in the notice. If this Agreement or any Task Order is so terminated, Consultant will be compensated as set forth in Section Seven, Term and Termination, subsection 3. Consultant's Compensation upon Termination or Suspension.

C. Termination for Breach: If Consultant violates any of the covenants, agreements or stipulations of this Agreement or a Task Order, or if Consultant fails to fulfill in a timely and proper manner its obligations pursuant to this Agreement or any Task Order, and does not cure such failure or violation within 30 days (or a reasonable extension thereof, if requested, which extension will not be unreasonably withheld) after receipt of written notice from Valley Water specifying such failure or violation, Valley Water will thereupon have the right to terminate this Agreement and any or all uncompleted Task Orders by giving written notice to Consultant of such termination. Such notice will specify the effective date thereof, and Consultant will not be entitled to compensation for Services or expenses beyond the specified termination date.

D. If, after notice of termination for breach of this Agreement or any Task Order, it is determined that Consultant did not breach the Agreement or Task Order, the termination will be deemed to have been implemented for Valley Water's convenience, and Consultant will receive payment that is allowed by this Agreement for a termination for convenience.

E. The rights and remedies provided herein to Valley Water are in addition to any other rights and remedies provided by law, this Agreement, or a Task Order.

3. Consultant's Compensation upon Termination or Suspension

In the event of termination of this Agreement or any Task Order, or suspension of Services by Valley Water, Consultant shall receive compensation based on satisfactory performance, accepted by Valley Water, as follows:

A. Direct Labor: Consultant shall be entitled to receive compensation for all authorized direct labor performed prior to termination pursuant to the provisions of this Agreement or Task Order and all authorized labor expenses incurred to demobilize from the Project after the date of termination;

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B. Other Direct Costs and Expenses: Consultant shall be entitled to receive compensation for all authorized other direct costs and expenses incurred prior to termination and all authorized expenses incurred to demobilize from the Project after the date of termination; and

C. In no event shall the total compensation paid for any item of Service exceed the payment specified in the Agreement or applicable Task Order for that item of Service.

4. Survival

The Terms and Conditions of this Agreement, that by their context and a standard of reasonableness, are intended to survive termination, suspension, completion, and expiration of this Agreement, shall survive, including but not limited to, the following Sections and subsections: Independent Contractor Status, Confidentiality, Indemnification, Insurance Requirements, and Dispute Resolution, as well as any Consultant representations and warranties.

SECTION EIGHT

INDEMNIFICATION

1. Notwithstanding any other provision of this Agreement, Consultant agrees to indemnify defend and hold harmless Valley Water, its agents, officers, directors, and employees from and against any and all demands, claims, damages, losses and reasonable expenses, including but not limited to liabilities, obligations, claims, costs, reasonable expenses (including, without limitation, interest, penalties and reasonable attorney's fees), fines, taxes, levies, imposts, assessment, demands, damages or judgments of any kind or nature, whether in law or equity (including, without limitation, death or injury to any person, property damage, administrative and judicial orders and consents, or any other loss) to the extent they arise out of, pertain to, or relate to Consultant's negligence, recklessness, or willful misconduct.

2. The foregoing does not limit any strict liability imposed on Consultant by law. The rights, duties, and obligations of the Parties as set forth above in this Section Eight, Indemnification, survive termination, expiration, completion, and suspension of this Agreement.

LIMITATION OF LIABILITY

3.

SECTION NINE

INSURANCE REQUIREMENTS

Insurance requirements applicable to this Agreement are set forth in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements. Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, all insurance coverages as detailed in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements, and comply with all provisions stated therein.

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SECTION TEN

OWNERSHIP AND REUSE OF DELIVERABLES

1. Valley Water Ownership

All deliverables and other materials prepared by Consultant, including computer programs and media developed by Consultant, to perform the Services, during the term of this Agreement, will be and remain the property of Valley Water following payment in full to Consultant for each task or portion of a completed task, or in accordance with Section Seven, Term and Termination. In the event the work is not completed, the completed portions thereof will become the property of Valley Water. Consultant will provide Valley Water with such deliverables and material at appropriate times during this Agreement. Consultant may retain a copy for its records. Consultant does not convey, assign, or transfer the intellectual property rights it has, so as to limit its ability or right to develop, design, or provide services on other projects of or for its other clients.

2. Reuse of Instruments of Service

If Valley Water desires to reuse the completed plans, specifications, or other deliverables, in total or in part, on project sites associated with this Agreement, or any other site, or to complete any incomplete portion of construction documentation which Valley Water has already paid Consultant, Valley Water will release Consultant from any liability incurred by Valley Water from reusing said deliverables.

3. Copies of Data

Copies of data exchanged by, through, and between Valley Water and Consultant that may be relied upon are limited to printed copies. Computer-generated files, disks, or tapes of text, data or graphics that are furnished are only for the mutual convenience of the Parties.

4. Computer-Generated Material

Any risk of translation or reliance on information obtained or derived from computer-generated material is at the user's sole risk, and no representations are made, either express or implied, as to the long-term performance of data thus transferred.

5. Work for Hire

Any and all original correspondence, memoranda, reports, designs, plans, specifications, data compilations, computer programs, or drawings delivered to Valley Water by Consultant according to the Terms of this Agreement, in or by any medium is deemed to be "work for hire" according to the copyright laws of the United States and the copyright belongs to Valley Water.

6. Copyright Claims

Co-venturers, subcontractors, Subconsultants, suppliers, and vendors to Consultant are likewise bound by these copyright terms. Valley Water makes no copyright claim and

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requires no release for copyrighted material or trademarked names used incidentally by Consultant.

SECTION ELEVEN

EQUAL OPPORTUNITY

1. Equal Opportunity Employer

Valley Water is an equal opportunity employer and requires its consultants to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, Consultant will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any subcontractor, employee, or applicant for employment in the recruitment, hiring, employment, utilization, promotion, classification or reclassification, transfer, recruitment advertising, evaluation, treatment, demotion, layoff, termination, rates of pay or other forms of compensation, and selection for professional development training (including apprenticeship), or against any other person, on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices), political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

2. Compliance with Applicable Equal Opportunity Laws

Consultant's policy must be in conformance with applicable state and federal guidelines including the Federal Equal Opportunity Clause, 41 Code of Federal Regulations, Part 60-1, §60-1.4; Title VII of the Civil Rights Act of 1964 as amended; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973 (§503 and §504); the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.); the California Fair Employment and Housing Act (Government Code §12900 et. seq.); and California Labor Code §1101 and §1102.

3. Investigation of Claims

Consultant must designate a specific position within its organization to be responsible for investigating allegations of non-compliance with the anti-discrimination and anti-harassment provisions of this Agreement. Consultant must conduct a fair, prompt, and thorough investigation of all allegations directed to Consultant by Valley Water. In cases where such investigation results in a finding of discrimination, harassment, or hostile work environment, Consultant must take prompt, effective action against the offender.

SECTION TWELVE

MISCELLANEOUS PROVISIONS

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1. Entire Agreement

This Agreement, which includes the Terms and Conditions, Appendices, the Schedule(s), Schedule(s)' Attachments, and all executed Task Orders, represents the entire understanding between the Parties hereto relating to the Services described in this Agreement and its executed Task Orders, which are incorporated herein by this reference, and supersedes any and all prior proposals or agreements, whether written or oral, that may exist between the Parties. This Agreement may not be modified or amended except in writing as stated herein. To the extent that any Schedule conflicts with this Agreement, this Agreement shall control.

2. Formation of Agreement

A. No agreement between the Parties is formed until all applicable actions have been completed to the satisfaction of Valley Water. Valley Water Project Manager will not issue a Notice to Proceed until all required documents have been submitted and accepted by Valley Water.

B. Formation of this Agreement between the Parties requires accomplishment of the following, as applicable:

1) Execution of the Agreement by Consultant;

2) Submission by Consultant, and acceptance by Valley Water, of evidence of all required insurance coverages and documents;

3) Submission by Consultant, and acceptance by Valley Water, of evidence of all required Form 700 documents, if applicable;

4) Submission by Consultant, and acceptance by Valley Water, of all required Non-Disclosure Agreements (NDA) as provided in the Schedule(s), Attachment Four, Reference Materials, if applicable;

5) Submission by Consultant, and acceptance by Valley Water, of a Health and Safety Plan, if applicable;

6) Any other requirements that are deemed necessary by Valley Water; and

7) Execution of the Agreement by Valley Water.

3. No Assignment

A. The expertise and experience of Consultant are material considerations for Valley Water's award and execution of this Agreement. Consultant will not assign or transfer any interest in this Agreement nor the performance of any of Consultant obligations hereunder, without prior written consent of Valley Water in the form of an amendment executed by the Parties, and any attempt to so assign this Agreement, or any rights, duties or obligations arising hereunder, will be void and of no effect. Any assignment of monies due or to become due in accordance with this Agreement, will be to the extent

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permitted by law, and will be subject to all proper set-offs, deductions, and withholdings in favor of Valley Water.

B. In no event shall an assignment of any interest in this Agreement release Consultant from its duties and responsibilities as described in this Agreement nor shall Consultant be released from liability created by the provision of Services as described in this Agreement until such assignment takes effect. Any attempted or purported assignment without Valley Water's written consent in the form of an amendment executed by the Parties is null and void.

4. Reasonableness

Discretionary actions or approvals to be performed by the Parties will be exercised in a reasonable manner.

5. Gifts

Consultant hereby acknowledges that Valley Water policy prohibits the acceptance by Valley Water personnel of gifts of any kind from its contractors, consultants, suppliers or vendors. Consultant shall honor this policy by not sending or bringing gifts to Valley Water.

6. Audits

Consultant agrees that Valley Water and its agent(s) have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Consultant agrees to provide Valley Water and its agent(s) with any relevant information requested, in electronic and hard copy format, at Valley Water's discretion, and will permit Valley Water and its agent(s) access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees (alternatively, by phone at Valley Water's discretion) and inspecting or copying books, records, accounts, computerized records, and other materials that may be relevant to the matter under investigation or subject to audit, such as by a government agency, providing Valley Water with grant funds to pay for Consultant's services, for the purpose of determining compliance with this Agreement. Consultant further agrees to maintain such records for a period of three years after final payment as provided for in this Agreement.

7. Force Majeure

Neither Party will be held responsible for delays caused by acts beyond its control, such as acts of God or public enemies, utility or communication delays, or failures not caused by such Party's negligence or fault, accidents not caused by such Party's negligence or fault, labor disputes, war, or failure of the other Party to provide data as required pursuant to this Agreement.

8. Binding Effect

This Agreement is binding on the heirs, executors, administrators, successors and assigns of the Parties.

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9. Choice of Law and Venue

The Parties agree that this Agreement is to be governed, construed, and enforced in accordance with the laws of the State of California. The Parties also agree that the venue of any litigation arising out of or connected with this Agreement will lie exclusively in the state trial court or Federal District Court located in Santa Clara County in the State of California. The Parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

10. Confidentiality

A. Due to the nature of the services Consultant will provide pursuant to this Agreement, there may be disclosures made to Consultant of detailed information about Valley Water's operations, including on a need-to-know basis information which may be protected from public disclosure by confidentiality laws, the attorney-client privilege, and/or other provisions of law which govern the nature and timing of disclosure of public information.

B. Consultant understands and acknowledges that Valley Water staff members providing information to Consultant do so with the understanding that such information will be handled appropriately.

C. In the event Consultant receives such restricted or confidential information, Consultant will limit access to the information to only those of Consultant's employees, its subcontractors and its Subconsultants authorized by Valley Water to have the information.

D. Consultant will notify Valley Water immediately of any request by any third party to have access to confidential information and will not disclose the requested information without first receiving express written authorization from Valley Water.

E. Notwithstanding the aforementioned Confidentiality requirements, upon the request of Valley Water Project Manager, Consultant, and its Subconsultants shall execute Valley Water's most current Non-Disclosure Agreement in effect at that time.

F. The requirements stated herein will survive completion, expiration, suspension, and termination of this Agreement.

11. Release of Information Prohibited

Consultant is not permitted to provide any information concerning the Project to the media nor anyone other than authorized Valley Water personnel. Consultant will not release any information pertinent to the Project for publication, public disclosure, or in any other manner without first obtaining clearance and a release in writing from Valley Water. Any media inquiry at any time to Consultant relating to any matter concerning Services provided or requested to be provided pursuant to this Agreement will be referred immediately to Valley Water. Consultant will not communicate with the media regarding any such matter.

12. Conflict of Interest

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A. Consultant represents that there exists no actual or potential conflict of interest concerning the services to be performed pursuant to this Agreement.

B. Consultant represents that Consultant's performance required as stated in this Agreement does not require the breach of any agreement or obligation to keep in confidence the proprietary information of another party. Consultant will not bring to Valley Water, or use in the performance of Consultant's duties as described in this Agreement, any materials or documents of another party considered confidential or proprietary unless Consultant has obtained written authorization from such party, and the informed consent of Valley Water, for the possession and use of such materials.

C. Consultant represents and warrants that during the term of the Agreement, Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant shall not act as a Consultant or expert for any party in support of any potential or active claim or legal action against Valley Water by such party.

D. CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION STATEMENT OF ECONOMIC INTEREST FORM 700 ("FORM 700"): Upon Valley Water's request, Consultant employees, officers, agents, Subconsultants, and subcontractors shall complete, execute, and submit a Form 700 as follows:

1) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, shall file, in a manner prescribed by Valley Water, an Assuming Office Statement. The Assuming Office Statement shall be filed:

   a. Within 30 calendar days of the effective date of this Agreement; or

   b. Within 30 calendar days of Consultant hiring, adding, or promoting to a designated filer position, employees, officers, agents, Subconsultants, and subcontractors to perform services pursuant to this Agreement;

2) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, an amendment to their Form 700 any time there is a need to correct or change disclosure information;

3) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file an Annual Statement in a manner prescribed by Valley Water, during the annual filing season, as determined by Valley Water;

4) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, a Leaving Office Statement with Valley Water when one of the following occurs:

   a. Upon termination of this Agreement; or

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b. Within 30 calendar days of Consultant employees, officers, agents, Subconsultants, and subcontractors vacating a designated filing position (i.e., removed from the Project, promotion, demotion, transfer to non-designated position, end of employment, or as a result of changes in designated filer positions in Valley Water's Conflict of Interest Code);

5) Consultant understands and agrees that its employees, officers, agents, Subconsultants, and subcontractors may be disqualified from providing services to Valley Water pursuant to the California Political Reform Act, Government Code §81000 et. seq. and §1090. If any of Consultant's employees, officers, agents, Subconsultants, and subcontractors are disqualified from providing services, on written notice from Valley Water Project Manager, Consultant will have 15 calendar days to remove said employee(s), officer(s), agent(s), Subconsultant(s)' and subcontractor(s)' employee(s) from the Project and provide a replacement acceptable to Valley Water;

6) The failure of Consultant's employees, officers, agents, Subconsultants, and subcontractors to file an Assuming Office, Annual, Amended, or Leaving Office Statement within the time prescribed by Valley Water is deemed a material breach and may result in termination of the Agreement for cause.

13. Task Orders

A. All tasks and Services may be assigned to Consultant through issuance of Task Orders. The Valley Water Project Manager will identify and communicate the applicable tasks and services based on the menu of tasks listed in the Scope of Services to be provided to the Consultant. After the tasks and Services are identified and communicated to Consultant by Valley Water Project Manager, Consultant will prepare a proposed Task Order request (see Standard On-Call Consultant Agreement, Appendix Three, Task Order Template). The proposed Task Order must identify the following:

1) Description of the Services, including deliverables;

2) The total Not-to-Exceed Fees for Consultant to complete the Services, including estimated number of hours per assigned staff to complete the Services;

3) Proposed staff that will be assigned to complete the Services, including resumes if not previously provided to Valley Water's Project Manager;

4) Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

5) Schedule for completing the Services; and

6) Copies of applicable state and federal permits required to complete the Services, unless previously provided to Valley Water.

B. Consultant agrees that the Not-to-Exceed Fees specified in a proposed Task Order will be the product of a good faith effort in exercising its professional judgment. After an agreement has been reached on the negotiable items, the finalized Task Order will be

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signed by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms and Consultant's authorized representative.

C. Consultant must not commence performance of work or services on a Task Order until it has been approved by Valley Water's authorized representative and Notice to Proceed has been issued by Valley Water Project Manager. No payment will be made for any services performed prior to approval or after the period of performance of the Task Order. The period of performance for Task Orders will be in accordance with dates specified in the Task Order. No Task Order will be written which extends beyond the expiration date of this Agreement. The total amount payable by Valley Water for an individual Task Order will not exceed the amount agreed to in the Task Order.

D. Prevailing Wage Requirements: The Scope of Services may be considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages, and Appendix Three, Task Order Template.

14. Good Neighbor

Valley Water always strives to be a good neighbor to the community adjacent to its facilities. Consultant will ensure that disturbance to neighbors is minimized. Consultant, its staff, and Subconsultants will always interact with the members of the public in a polite and professional manner.

15. Governmental Permits and Notifications

Unless otherwise expressly stated herein or in an executed Task Order, Consultant represents and warrants that it has investigated the need for, and has or will procure, at its cost, and in its own name to the extent allowed by law, all governmental permits, notifications, approvals and inspections required for the performance of the Services. Consultant shall promptly notify Valley Water if any such permit or approval lapses or is modified or revoked. If, pursuant to applicable law, any such permits or approvals must be procured in Valley Water's name, Consultant shall promptly so inform Valley Water and assist Valley Water in obtaining such permits or approvals.

16. Taxes and Benefits

Consultant has full and exclusive liability for the payment of, and Consultant will pay, any and all taxes and contributions for unemployment insurance, retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities and similar benefits and any other employment-related costs, obligations, and duties that may now or hereafter be imposed by law, collective bargaining agreements or otherwise with respect to persons employed by Consultant for the performance of Services pursuant to this Agreement.

17. Nonwaiver of Rights

The failure of either Party to this Agreement to object to or to take affirmative action with respect to any conduct of the other Party that is in violation of the terms of this Agreement will

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not be construed as a waiver thereof, or as waiver of any future breach or subsequent wrongful conduct.

18. No Third-Party Beneficiaries

Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity, other than the Parties hereto, any legal or equitable right, remedy, or claim under or in respect of this Agreement or any covenants, conditions, or provisions contained herein.

19. Severability

If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.

20. Debt Limitation

This Agreement is contingent on the appropriation of sufficient funding by Valley Water for the services described in this Agreement. Valley Water is subject to laws or policies which limit its ability to incur debt in future years. Nothing in this Agreement shall constitute an obligation of future legislative bodies of Valley Water to appropriate funds for purposes of this Agreement.

21. Notices

Unless otherwise specified in this Agreement, all requests for written approval or legal notices must be sent to the representatives below. All notices are deemed to have been given when made in writing and when delivered or mailed to the representatives of Valley Water and Consultant at their respective addresses as follows:

VALLEY WATER:

Deputy Operating Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

CONSULTANT:

Consultant Principal Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

22. Appendices

The following list of Standard On-Call Consultant Agreement Appendices are incorporated herein by this reference as though set forth in full:

Appendix One - Additional Legal Terms
Appendix Two - Dispute Resolution
Appendix Three - Task Order Template

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Appendix Four - Insurance Requirements

23. Schedule and Attachments

Schedule OC, Scope of Services, and the following listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

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IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR CONSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THROUGH THE SIGNATURES OF THEIR DULY AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER DISTRICT
Valley Water

By: _____
Tony Estremera
Chair, Board of Directors

Date: May 12, 2026

ATTEST:

_____
Candice Kwok-Smith
Clerk, Board of Directors

GEI CONSULTANTS, INC
Consultant

By: Signed by: Ryan Jolley 024B3A110956460...
Ryan Jolley
Vice President

Date: 5/8/2026

Consultant's Address:
11010 White Rock Road, Suite
200 Rancho Cordova, CA 95670

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
ADDITIONAL LEGAL TERMS

1. Conflict of Interest for Future Services

Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant, [or any of its Subconsultants], shall not submit a proposal:

A. For any agreement to be awarded for [construction management, or the construction] of any project that is related to the Services provided pursuant to this Agreement;

B. In response to any request for proposal or Valley Water solicitation developed or prepared by or with the assistance of Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant; or

C. For any single or sole source products/services related to the Services pursuant to this Agreement or have a financial stake in any single or sole source products/services resulting from this Agreement.

2. Dispute Resolution

If a dispute occurs between the Parties as a result of this Agreement, then the Parties agree to use the Dispute Resolution process outlined in the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

3. Small Business Enterprise (SBE) Outreach Program Participation

This Agreement provides for the Consultant to include California Department of General Services certified Small/Micro Businesses in the performance of the Services, estimated to be 30**%** or more of the Total Not-to-Exceed Fees stated in the Standard Consultant Agreement, Attachment One Fees and Payments, to the Schedule(s), and Consultant agrees to use its best efforts to meet this goal.

4. Task Order Approvals

A. Services to be performed pursuant to a Task Order may only commence once a specific Notice to Proceed for that Task Order has been issued by Valley Water.

B. Task Orders are subject to approval by Valley Water's Deputy Operating Officer unless delegated to an Assistant Operating Officer and/or Unit Manager.

C. Valley Water Assistant Operating Officer is authorized to approve individual Task Orders in an amount not-to-exceed $[authorization amount]. [NOT USED]

D. Valley Water Unit Manager(s) is authorized to approve individual Task Orders in an amount not-to-exceed $ [Authorization Amount]. [NOT USED]

E. The total not-to-exceed amount for any one Task Order shall not exceed $ [NOT-TO-EXCEED AMOUNT]. [NOT USED]

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F. Consultant must acknowledge receipt and respond to Valley Water's request to submit a Cost Proposal within five (5) business days or within the time specified in Valley Water's request.

G. Upon Valley Water and Consultant's successful negotiation of the Consultant's Cost Proposal, Consultant must submit a Task Order within five (5) business days or within the time specified in Valley Water's request, for Valley Water's approval of the Task Order, and issuance of a Notice-to proceed.

5. Task Order Assignments for Multi-Awards Agreement

Valley Water has retained five (5) separate consultants to perform on-call environmental planning and permitting services during the same timeframe. Task orders will be assigned on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to each of the consultants. Valley Water's Project Manager is responsible for administering the task orders for assigned work among the five (5) firms for the term of the Agreements.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
EXHIBIT A
FEDERAL REQUIREMENTS

1. FEDERAL GRANT REQUIREMENTS

Projects receiving credit assistance must comply with all federal laws and regulations, including environmental compliance and other compliance requirements.

Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are contained herein and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

In addition, Valley Water is actively seeking state and federal grant funding for the Project. Consultant agrees to comply with all applicable state and federal funding requirements and pertinent laws, regulations, and policies, including, but not limited to the Uniform Guidance for Federal Awards (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (April 30, 2026), prevailing wage, and Build America, Buy America. Specific agency-level guidance and requirements may also apply.

2. DEBARMENT AND SUSPENSION

Consultant certifies that it will not knowingly enter into a contract with anyone who is ineligible under the 2 CFR part 180 and part 1532 (per Executive Order 12549, 51 FR 6370, February 21, 1986) or who is prohibited under Section 306 of the Clean Air Act or Section 508 of the Clean Water Act to participate in the Project. Suspension and debarment information can be assessed at http://www.sam.gov. Consultant represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its subcontracts under this Agreement.

3. FEDERAL LOBBYING RESTRICTIONS (31 U.S.C. 1352)

Recipients of federal financial assistance may not pay any person for influencing or attempting to influence any officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, continuation, renewal, amendment, or modification of a federal grant loan, or contract. These requirements are implemented for USEPA in 40 CFR Part 34, which also describes types of activities, such as legislative liaison activities and professional and technical services, which are not subject to this prohibition. Upon award of this contract, Consultant shall complete and submit to Valley Water the Certification Regarding Lobbying form (https://www.epa.gov/system/files/documents/2021-08/epa_form_6600_06.pdf) and Disclosure of Lobbying Activities form (https://www.epa.gov/grants/sf-lll-disclosure-lobbying-activities) found in Appendix A and Appendix B to 40 CFR Part 34. Consultant shall also require all subcontractors and suppliers of any tier awarded a subcontract

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over $100,000 to similarly complete and submit the certification and disclosure forms to Valley Water pursuant to the process set forth in 40 CFR 34.110.

4. CIVIL RIGHTS OBLIGATIONS

Consultant shall comply with the following federal non-discrimination requirements:

a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP). (424 U.S.C. 2000D, et. seq)

b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities. (29 U.S.C. 794, supplemented by EO 11914, 41 FR 17871, April 29, 1976 and EO 11250, 30 FR 13003, October 13, 1965)

c. The Age Discrimination Act of 1975, which prohibits age discrimination. (42 U.S.C. 6101 et. seq)

d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.

e. 40 CFR Part 7, as it relates to the foregoing.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX TWO
DISPUTE RESOLUTION

1. Consultant's Questions and Concerns

Questions regarding the Terms, Conditions, and Services relating to this Agreement will be decided by Valley Water who will furnish the decisions to Consultant in writing within 30 days after receiving a written request from Consultant.

2. Dispute Resolution

A. Alternate Dispute Resolution

Valley Water intends to use Alternate Dispute Resolution (ADR) techniques including partnering and mediation to resolve disputes relating to the Project.

B. Consultant and its Subconsultants are expected to participate in all ADR efforts.

C. The cost of partnering, training facilities, and facilitator will be paid for by Valley Water, unless the Parties agree otherwise.

3. Negotiations Before and During Mediation

Negotiations to resolve disputes before and during mediation are initiated for settlement purposes only, are confidential, and are not binding unless otherwise agreed by Valley Water and Consultant.

4. Voluntary Mediation

A. Initiation of Mediation

Any Party to a dispute or claim may initiate mediation by notifying the other Party or Parties in writing.

B. Request for Mediation

A request for mediation must contain a brief written statement of the nature of the dispute or claim, and the names, addresses, and phone numbers of all parties to the dispute or claim, and those who will represent them, if any, in the mediation.

C. Selection of Mediator

1) Upon receipt of a written request for mediation, unless otherwise agreed by the Parties, within 14 days, the Parties will confer to select an appropriate mediator agreeable to all Parties.

2) If the Parties cannot agree on a mediator, they hereby agree to accept a mediator appointed by a recognized association such as the American Arbitration Association.

D. Qualifications of a Mediator

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1) Any mediator selected must have expertise in the area of the dispute and be knowledgeable in the mediation process.
2) No person shall serve as a mediator in any dispute in which that person has any financial or personal interest in the result of the mediation.

3) Before accepting an appointment, the prospective mediator must disclose any circumstances likely to create a presumption of bias or prevent a prompt meeting with the Parties. Upon receipt of such information, the Parties will confer and decide whether to select another mediator.

E. Vacancies

If any mediator becomes unwilling or unable to serve, another mediator will be selected unless the Parties agree otherwise.

F. Representation

1) Any Party may be represented by person(s) of their choice who must have full authority to negotiate.

2) The names and addresses of such person(s) must be communicated in writing to both Parties and to the mediator.

G. Time and Place of Mediation

1) The mediator will set the time of each mediation session.

2) The mediation will be held at a convenient location agreeable to the mediator and the Parties, as determined by the mediator.

3) All reasonable efforts will be made by the Parties and the mediator to schedule the first session within 60 days after selection of the mediator.

H. Identification of Matters in Dispute

1) Parties shall comply with the process as required by the mediator with regard to providing the mediator with a memorandum setting forth its position with regard to the issues that need to be resolved. At the discretion of the mediator, or otherwise agreed by the Parties, the Parties may mutually exchange such memoranda.

2) At the first session, the Parties will be expected to produce all information reasonably required for the Mediator to understand the issue(s) presented. The mediator may require each Party to supplement such information.

I. Authority of Mediator

1) The mediator does not have authority to impose a settlement on the Parties but will attempt to assist the Parties in reaching a satisfactory resolution of their dispute.

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2) The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement.

3) Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the dispute, provided the Parties agree and assume the expenses of obtaining such advice. Arrangements for obtaining such advice will be made by the mediator or the Parties, as determined by the mediator.

4) The mediator is authorized to end the mediation whenever, in the mediator's judgment, further efforts at mediation would not contribute to a resolution of the dispute between the Parties.

J. Privacy

1) Mediation sessions are private.

2) The Parties and their representatives may attend mediation sessions.

3) Other persons may attend only with the permission of the Parties and with the consent of the mediator.

K. Confidentiality

Except as provided by California or federal law or regulation:

1) The mediator will not divulge confidential information disclosed to a mediator by the Parties or by witnesses in the course of the mediation.

2) All records, reports, or other documents received by a mediator while serving as mediator, are confidential.

3) The mediator must not be compelled to divulge such records or to testify in regard to the mediation in any adversary proceeding or judicial forum.

4) The Parties must maintain the confidentiality of the mediation and must not rely on, or introduce as evidence in any arbitration, judicial or other proceedings:

a. Views expressed, or suggestions made by the other Party with respect to a possible settlement of the dispute;

b. Statements made by the other Party in the course of the mediation proceedings;

c. Proposals made or views expressed by the mediator; and

d. Whether the other Party had or had not indicated willingness to accept a proposal for settlement made by the mediator.

L. No Stenographic Record

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There shall be no stenographic record of the mediation.

M. Termination of Mediation

The mediation shall be terminated:

1) By the execution of a Settlement Agreement by the Parties;

2) By a written declaration of the mediator to the effect that further efforts at mediation are no longer worthwhile; or

3) By a written declaration of a Party or Parties to the effect that the mediation proceedings are terminated.

N. Exclusion of Liability

No mediator shall be a necessary Party in judicial proceedings related to the mediation.

O. Interpretation and Application of These Mediation Provisions

The mediator will interpret and apply these mediation provisions insofar as they relate to the mediator's duties and responsibility.

P. Expenses

1) The expenses of witnesses for each Party must be paid by the Party producing the witnesses.

2) All other expenses of the mediation, including required travel and other expenses of the mediator, and the expenses of any witness called by the mediator, or the cost of any proofs or expert advice produced at the direct request of the mediator, will be apportioned as the mediator finds appropriate or as otherwise agreed to by the Parties.

5. Compensation for Participation in Mediation

Neither Consultant nor Valley Water is entitled to compensation for time spent in or for negotiations or mediation to resolve questions or disputes between Consultant and Valley Water arising out of this Agreement.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX THREE
TASK ORDER TEMPLATE

Task Order No. _____

Title: _____

Agreement: Standard On-Call Consultant Agreement _____ (Agreement) by and between the Santa Clara Valley Water District (Valley Water) and _____ (Consultant), dated _____.

Valley Water: _____

Consultant: _____

Dollar Amount of Task Order: Not-to-Exceed $_____

1. Upon full execution of this Task Order No. _____, as set forth in the Standard On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders, and the issuance of a Notice to Proceed by the Valley Water Project Manager, Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by Consultant before this Task Order is executed or before the issuance of the Notice to Proceed will be considered outside the contracted Scope of Services and will not be eligible for payment.

2. Both the Scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:

   A. Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to Valley Water;

   B. The total not-to-exceed fees amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification;

   C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

   D. The distribution detail for each service, direct cost, and reimbursable expense. This information must be included in the invoice for the services authorized pursuant to this Task Order; and

   E. Project schedule for completing the Scope of Services.

3. Consultant shall be compensated at fixed fees or at the hourly rates established in Schedule OC, Attachment One, Fees and Payments. Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.

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4. This Task Order becomes effective on the date of full execution by authorized representatives of the Parties and remains in effect until the earlier of: completion of the tasks set forth in Attachment A or [expected completion date].

5. Copies of applicable local, state and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless Consultant previously provided the appropriate permits to Valley Water.

6. Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the Terms and Conditions of the Agreement.

7. Prevailing Wage Requirements [NOT USED]

   A. The Scope of Services described in this Task Order is considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages.

   B. In accordance with prevailing wage laws, the Director of the California Department of Industrial Relations (Director) has ascertained the general prevailing rate of wages and employer payments for health and welfare, pension, vacation, and similar purposes available to the particular craft, classification, or type of workers employed on the Project. These rates are set forth in the latest determination obtained from the Director, which is on file in Valley Water's Office of the Clerk of the Board of Directors and incorporated herein by reference the same as though set forth in full. The rates are also available on the State of California Department of Industrial Relations website at http://www.dir.ca.gov.

8. Signatures:

Signature: _____ _____

[NAME OF CONSULTANT FIRM] DATE
[PRINT NAME]
[PRINT TITLE]

Signature: _____ _____

SANTA CLARA VALLEY WATER DISTRICT DATE
[PRINT NAME]
[PRINT TITLE]

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Please Note: Failure to comply with the instructions below could result in a delay in receiving the Notice to Proceed. Santa Clara Valley District ("District" or "Valley Water"), will not be responsible for time lost or costs incurred due to failure to comply with these requirements. Please note the checklist of documents needed at the end of this document.

Without limiting the Consultant's indemnification of, or liability to, Valley Water, the Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions as listed below.

Consultant must provide its insurance broker(s)/agent(s) with a copy of these requirements and warrants that these requirements have been reviewed by Consultant's insurance agent(s) and/or broker(s), who have been instructed by Consultant to procure the insurance coverage required herein.

In addition to certificates, Consultant must furnish Valley Water with copies of all original endorsements affecting coverage required by this document. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All endorsements and certificates are to be received and approved by Valley Water before the Agreement is executed**. In the event of a claim or dispute, Valley Water has the right to require Consultant's insurer to provide complete, certified copies of all required pertinent insurance policies, including endorsements affecting the coverage required by this document.

If your insurance broker has any questions about the above requirements, please advise him/her to email Valley Water Risk Manager at RiskManager@valleywater.org.

Certificates of Insurance

The consultant shall furnish Valley Water with a Certificate of Insurance. The certificates will be issued on a standard ACORD Form.

Consultant shall instruct their insurance broker/agent to submit all insurance certificates and required notices electronically in PDF format to the designated Valley Water Contract Administrator and email a copy to **certificatesupport@evidentid.com**.

The certificates will:

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STANDARD ON-CALL CONSULTANT AGREEMENT
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INSURANCE REQUIREMENTS – CONSULTANT

1. Identify the underwriters, the types of insurance, the insurance limits, the deductibles and the policy term.
2. Include copies of all the actual policy endorsements required herein; and
3. In the "Certificate Holder" box include:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118
Agreement No. XXXXX
PlanetBid No. VW0594

IMPORTANT: The Agreement number and/or PlanetBid number must be included.

In the Description of Operations/Locations/Vehicles/Special Items Box:

1. Certificate Holder shall be named as Additional Insured, and any other policy endorsement required in the contract, for example, Waiver of Subrogation and Primary and Non-Contributory shall be stated.
2. Valley Water agreement or project number shall appear.
3. The list of policies scheduled as underlying on the Umbrella policy shall be listed.

If Consultant receives any notice that any of the insurance policies required by this document may be cancelled or coverage reduced for any reason whatsoever, Consultant or insurer shall immediately provide written notice to the designated Valley Water Contract Administrator that such insurance policy required is canceled or coverage is reduced.

Maintenance of Insurance

If Consultant fails to maintain such insurance as is called for herein, Valley Water, at its option, may suspend payment for work performed and/or may order Consultant to suspend all Consultant's work at Consultant's expense until a new policy of insurance is in effect.

Renewal of Insurance

Consultant will provide Valley Water with a current Certificate of Insurance and endorsements thirty (30) business days prior to the expiration of insurance.

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STANDARD ON-CALL CONSULTANT AGREEMENT
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INSURANCE REQUIREMENTS – CONSULTANT

Consultant shall instruct its insurance broker/agent to:

1. Submit all renewals of insurance certificates and required notices electronically in PDF format to:

2. Provide the following information in the "Certificate Holder" box:

   Santa Clara Valley Water District
   5750 Almaden Expressway
   San Jose, CA 95118
   Agreement No. XXXXX
   PlanetBid No. VW0594

   IMPORTANT: The Agreement number and/or PlanetBid number must be included.

Consultant must, at its sole cost and expense, procure and maintain during the entire period of this Agreement, or for such other time as required herein, the following minimum insurance coverage(s).

Required Coverages

1. **Commercial General/Business Liability Insurance** which shall be written on an occurrence basis with coverage as indicated below:

   $2,000,000 per occurrence / **$2,000,000** aggregate limits for bodily injury, personal and advertising injury, and property damage.

   General Liability insurance must include without limitation:

   a. Be written on standard ISO forms or inspected and approved by the Risk Manager.
   b. Include coverage at least as broad as found in standard ISO form CG 00 01.
   c. Contractual Liability expressly including liability assumed under this contract.
   d. Severability of Interest provision.
   e. Products-Completed Operations coverage.
   f. Broad Form Property Damage liability

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g. Include Premise and Operations
h. An endorsement covering damage to property in the care, custody, or control of the Consultant.

2. **Business Auto Liability Insurance** with coverage as indicated:

$1,000,000 combined single limit for bodily injury and property damage per occurrence, covering all owned, non-owned and hired vehicles.

3. **Professional/Errors and Omissions Liability** with coverage shall include without limitation:

$1,000,000 per claim/ **$2,000,000** aggregate.
If the policy has a self-insured retention (SIR), it shall not exceed one hundred thousand dollars ($100,000), unless expressly approved by Valley Water.

Professional/Errors and Omission Liability appropriate to the Consultant's profession, and the policy shall include:

a. Covers claims related to errors, omissions, or negligence in the delivery of professional services.
b. Includes defense costs, settlements and judgements arising from covered claims.
c. Coverage may be written on a claims-made form. If coverage is on a claims-made basis, the coverage must be maintained for at least 5 years after all Services under this Agreement are complete.
d. To the fullest extent permitted by law, contractual liability coverage for liability assumed under contract, for the indemnity obligations forth in this Agreement.
e. The policy must have a retroactive date which is the same as or predates the execution of this Agreement.

4. **Workers' Compensation and Employer's Liability Insurance**

Statutory California Workers' Compensation coverage covering all work to be performed for Valley Water.

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Employer Liability coverage for not less than $1,000,000 each accident; $1,000,000 policy limit bodily injury by disease; $1,000,000 each employee bodily injury by disease.

5. Cyber Liability

$1,000,000 per claim/ **$2,000,000** aggregate.

a. Liability arising from the unauthorized access to, disclosure, acquisition, loss, dissemination and/or use of Confidential Information. For purposes of this section, "Confidential Information" shall include but not limited to, personally identifiable information (PII), protected health information (PHI), financial accountant information, security codes, access codes, passwords, security codes or personal identification numbers (PINS), and any other information protected by the Agreement or applicable privacy laws;
b. Costs arising from mandatory or contractual notifications related to unauthorized access, disclosure, acquisition, loss, or use of confidential information and related mitigation costs, including but not limited to, credit monitoring, identity theft protection services, call center support, forensic investigation, legal fees, and regulatory fines or penalties imposed under the California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), or other applicable privacy and data protection laws;
c. Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks and ransomware coverage.
d. Liability arising from the introduction of a computer virus into or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network, or similarly related property and the data, software and programs thereon.
e. Certificate of Insurance shall clearly state that the coverage is claims-made.
f. Policy retroactive date must coincide with or precede the Consultant's start of work (including subsequent policies purchased as renewals or replacements).
g. Policy must allow for reporting of circumstances or incidents that might give rise to future claims.
h. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.

General Requirements

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With respect to all coverages noted above, the following additional requirements apply:

1. **Additional Insured Endorsement(s):** Consultant must provide an additional insured endorsement for Commercial General/Business Liability (for both on-going and completed operations) Pollution Liability, and Business Automobile liability coverage naming **Valley Water, its Directors, officers, employees, and agents, individually and collectively,** as additional insureds, and must provide coverage for acts, omissions, and negligence arising out of the named insureds' activities and work. Other public entities may also be added to the additional insured endorsement as applicable, and the Consultant will be notified of such requirement(s) by Valley Water. This section does not apply to the Workers' Compensation, Cyber Liability, and Professional Liability policies.

   (**NOTE:** Additional insurance on the Certificate of Insurance is **NOT** acceptable without separate endorsement such as Form CG 20 10, CG 2033, CG 2037, CG 2038, and applicable endorsements for Waivers of Subrogation (CG 24 04) and Primary & Non-contributory (CG 20 01). Editions dated 07/04 are not acceptable.)

2. **Primacy Clause:** Except for Workers' Compensation and Professional Liability, Consultant will provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that consultant's insurance is primary with respect to any other insurance which may be carried by Valley Water, its Directors, its officers, agents and employees, and Valley Water's coverage must not be called upon to contribute or share in the loss. **NOTE:** This section does not apply to the Workers' Compensation or Professional Liability policies.

3. **Cancellation Clause**: Consultant or its insurer shall provide at least thirty (30) days prior written notice to Valley Water of cancellation of any insurance required under this Agreement.

4. **Acceptability of Insurers:** All coverages must be issued by companies admitted to conduct business in the State of California, which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by Valley Water's Risk Manager. Non-Admitted companies may be substituted on a very limited basis at the Risk Manager's sole discretion.

5. **Self-Insured Retentions or Deductibles:** Any deductibles or self-insured retentions must be declared to and approved by Valley Water. At the option of Valley Water, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Valley Water, its officers, officials, employees and volunteers; or the Consultant shall provide evidence satisfactory to Valley Water of its financial ability to satisfy the SIR. Consultant agrees that in the event of a claim they will pay down any agreed upon SIR in

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a prompt manner as soon as bills are incurred in order to trigger the insurance related to the SIR.

6. **Subconsultants:** The Consultant shall secure, maintain or shall be responsible for ensuring that all subconsultants performing the Contract Services secure and maintain all insurance coverages appropriate to their tier and scope of work in a form and from insurance companies reasonably acceptable to Valley Water.

7. **Amount of Liability not Limited to Amount of Insurance:** The insurance procured by Consultant for the benefit of Valley Water must not be deemed to release or limit any liability of Consultant. Damages recoverable by Valley Water for any liability of Consultant must, in any event, not be limited by the amount of the required insurance coverage.

8. **Coverage to be Occurrence Based: Except** for Professional Liability and Pollution Liability, all coverage must be occurrence-based coverage. Claims-made coverage is not allowed.

9. **Waiver of Subrogation:** Consultant agrees to waive subrogation against Valley Water to the extent any loss suffered by Consultant is covered by any Commercial General Liability policy, Automobile policy, Workers' Compensation, and Pollution Liability policy described in **Required Coverages** above. Consultant agrees to advise its broker/agent/insurer and agrees to provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that subrogation has been waived by its insurer.

10. **Severability of Interest**. Except for Workers' Compensation and Professional Liability, a severability of interest must apply to all the additional insureds, ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability.

11. **Non-compliance:** Valley Water reserves the right to withhold payments to the Consultant in the event of material noncompliance with the insurance requirements outlined above.

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INSURANCE REQUIREMENTS – CONSULTANT

LIST OF DOCUMENTS NEEDED

General Liability:	A.	Limits **($2,000,000/$2,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	

Auto Liability:	A.	Limits **($1,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Umbrella:	A.	Limits ($ enter amount $)	
	B.	Primacy (Endorsement or policy language)	

Workers Comp:	A.	Limits **(Statutory)** Employers' Liability **($1,000,000)**	
	B.	Waiver of Subrogation (Endorsement or policy language)	
	C.	Cancellation Endorsement	
Professional Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

Cyber Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

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SCHEDULE OC
ON-CALL SCOPE OF SERVICES

1. Representatives

A. Valley Water's representatives are as listed below. Unless otherwise provided in this Agreement, all correspondence to Valley Water shall be addressed to Valley Water Project Manager (VWPM).

Michael Martin (VWPM)
Senior Water Resources Specialist
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3095
Email: michaelmartin@valleywater.org

Kurt Lueneburger
Environmental Services Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3055
Email: klueneburger@valleywater.org

John Bourgeois
Deputy Operating Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.2290
Email: jbourbeois@valleywater.org

B. Consultant's Project Manager is as listed below. All Valley Water questions pertaining to this Agreement shall be referred to the Consultant's Project Manager.

Ryan Jolley
GEI Consultants, Inc.
Vice President
11010 White Rock Road, Suite 200
Rancho Cordova, CA 95670
Phone: 916.207.2655
Email: rjolley@geiconsultants.com

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C. Consultant's Principal Officer for this Agreement is as listed below. As per the Agreement, Section Twelve, Miscellaneous Provisions, subsection 21. Notices, all notices pertaining to this Agreement must be submitted to the Consultant's Principal Officer.

Ryan Jolley
GEI Consultants, Inc.
Vice President
11010 White Rock Road, Suite 200
Rancho Cordova, CA 95670
Phone: 916.207.2655
Email: rjolley@geiconsultants.com

2. Scope of Services

A. The Consultant will perform environmental planning and permitting services for Valley Water projects and programs to provide environmental compliance with the California Environmental Quality Act (CEQA) and other state and federal environmental regulations. Consultant's services will be requested on an "as-requested" or "as-needed basis" to assist Valley Water in accomplishing capital, maintenance, replacement, mitigation, and stewardship projects in a timely manner. Valley Water may request services from the Consultant at any time during the term of this Agreement and by staff at different levels of experience and expertise.

B. The scope of On-Call services may include tasks as described below:

1. Project Management
2. Development of goals and objectives, and Project Descriptions
3. Conducting environmental investigations, surveys and studies for environmental factors required by CEQA or NEPA.
4. Providing CEQA and/or NEPA analysis and documentation for Valley Water capital projects and operational programs.
5. Provide assistance with regulatory compliance processes.
6. Development of mitigation plans.

C. Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used

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to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are attached hereto as Exhibit A, Federal Requirements to Appendix One, Additional Legal Terms, and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

3. Agreement Objectives

Valley Water implements capital projects and operational programs to meet its mission in water supply, flood protection, and watershed stewardship. The on-call services provided pursuant to this Agreement will augment the services of Valley Water staff and provide specific environmental planning and permitting expertise as needed.

All services required pursuant to this Agreement will be provided only on an as-needed/as-requested basis by the issuance of a Task Order by Valley Water to the Consultant. A specific scope will be developed for each task order which will define the deliverables for a total not-to-exceed amount. No work is authorized without a task order. The Consultant will perform services on a Task Order basis as authorized by the VWPM, as set forth in the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

4. Background

The mission of Valley Water is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

Valley Water is a public agency providing water supply, flood protection, groundwater management, and stream stewardship by managing an integrated water resources system on behalf of Santa Clara County's 2 million residents. Valley Water manages ten dams and surface water reservoirs, three water treatment plants, a state-of-the-art water quality laboratory, and more than 275 miles of streams. For information about Valley Water, visit www.valleywater.org.

5. Intent

A. Valley Water intends to retain up to five consultants to perform on-call environmental planning and permitting services for a four-year term with the option of a one (1) year extension, if it is in the best interest of Valley Water. Task orders will be issued on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to the selected firms. One or more of the selected firms will start up to one year later to provide flexibility and coverage at the end of the agreement term.

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B. The deliverables, number of staff hours and proposed staff for each Task Order will depend on the nature and scope of services requested by Valley Water. The not-to-exceed fees of each Task Order will be negotiated with the services provided.
C. Consultant may be awarded multiple Task Orders pursuant to this agreement, for the same Valley Water Project.
D. The Consultant will not be eligible to bid on future design services or construction projects for which they provided services if it creates a conflict of interest as discussed below.
E. Conflict of Interest. In addition to Valley Water's General Terms and Conditions, the following will apply with regard to conflict of interest:
   1) Consultant is precluded from performing services for any other entity, or in any other capacity for Valley Water, on the same Valley Water project, for which a Task Order has been issued.
   2) Task Orders will be voided when the Consultant cannot perform the Services due to a conflict of interest.
   3) Consultant must bring any conflict of interest to Valley Water's attention as soon as the Consultant is aware of the potential conflict.
   4) If Consultant is already performing services on a Valley Water project, unrelated to this Agreement, in any capacity, a Task Order related to that project will not be issued pursuant to this Agreement.

6. Assumptions and Requirements

A. General Assumptions and Requirements

1) **Manage Scope of Services**. Consultant shall manage the Scope of Services such that the work is completed within the Not-to-Exceed Fees limit and schedule for each Task Order and ensure that all services and deliverables meet Valley Water and Project requirements.

2) **Deliverable Format**. Consultant shall submit deliverables in both electronic and hardcopy format, if requested. Deliverables shall be submitted in PDF and native (editable) format, including Word documents, Excel spreadsheets, PowerPoint files, Autodesk files, etc. Valley Water may require original copies of signed documents and/or scanned (Adobe PDF) versions.
   a. Valley Water Standardization Requirements
      (1) Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed for each Task Order pursuant to this Agreement.

      (2) Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning,

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labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages (for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by the Consultant.

(3) Spatial data shall be provided as requested consistent with Valley Water Standards for GIS Products dated April 2021, or as subsequently amended.

3) **Review of Deliverables**. Valley Water will review and comment on all Project deliverables and forward to the Consultant for revision and preparation of final versions. As determined by Valley Water, some of the deliverables may also be subject to review and comment from regulatory agencies and stakeholders following Valley Water review process.

4) **Valley Water Quality Environmental Management System**. Valley Water maintains a Quality Environmental Management System (QEMS) which has procedures, guidelines, and work instructions for the performance of various Valley Water work. If requested, Consultant will perform the applicable Agreement tasks and/or subtasks in accordance with the QEMS framework. In such situations, the VWPM will provide the Consultant with the specific QEMS procedure, guidelines, and/or work instruction prior to the production of deliverables.

5) **Consultant Responsibility**. Consultant, with its expertise in performing the Services described herein, is responsible for making the appropriate assumptions in each task to complete deliverables and to achieve the objectives of this Agreement and for each Task Order.

6) **Document Control.** Consultant is responsible for establishing and maintaining its own document control system to execute this Scope of Services. An internal document control system is maintained by Valley Water.

7) **File Exchange Service.** Consultant will provide a file exchange service, accessible to all parties as designated by Valley Water, to facilitate communications; particularly of large files (over 3 megabytes). Any difficulties using and transmitting information with this exchange service shall be resolved by the Consultant. In the event that transmitting or receiving information does not occur in a timely manner, Valley Water will not be responsible for delays in completing Project work. Consultant may need to coordinate with Valley Water's Information Technology Division to address any firewall issues and/or permissions required to allow for these communications.

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8) **Quality Assurance / Quality Control (QA/QC) Program.**

a. Consultant will develop and implement ongoing, proven QA/QC procedures. Consultant will implement a formal Quality Management Program to ensure that Valley Water receives quality-controlled deliverables. The Program will include quality control checks of calculations and work products, as well as quality assurance reviews and documentation of the quality control process. Consultant's QA/QC procedures will include a review of all deliverables using appropriately qualified technical resources and advisors.

b. The QA/QC procedures must include details and methodology for reviewing documents, including technical memos, and cost estimates. Reviews will be assigned, and sign-off procedures will be documented.

c. Consultant must maintain records that demonstrate that quality reviews were performed on Consultant and Subconsultant deliverables.

7. Scope of Services Tasks Orders

The Valley Water Project Manager will identify and communicate the applicable objectives, tasks, and services for each Task Order to the Consultant which may be based on tasks listed below. With an understanding of the tasks and services required, the Consultant will prepare a draft Task Order proposal in accordance with the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

Project Management

The Consultant shall manage the overall Scope of Services, and services identified for individual Task Orders, such that the work is completed within the not-to-exceed fees limit and in accordance with the Project Schedule stated in each Task Order, while ensuring that all services and deliverables by the Consultant meet Valley Water requirements. The Consultant will identify the project control activities, regular check-in meetings, schedule, QA/QC procedures, and other management and coordination necessary to successfully complete the Task Order. Assumptions and deliverables will be established for each Task Order.

Development of Project Description

Consultant may develop the formal project description of capital projects or operational programs. This work may include:

- Development of problem definitions, goals and objectives

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- Analysis of existing data and information or otherwise compiling data and information relevant to the project
- Preparation of base maps and other figures
- Screening alternatives

Environmental Investigations, Survey, and Studies

Consultant may conduct environmental studies in support of CEQA/NEPA analysis and/or permitting for capital projects or operational programs. Examples of studies that may be requested include (but is not limited to):

- Research and documentation of the regulatory setting.
- Biological Resources – surveys for sensitive species, wetland delineations.
- Noise - noise monitoring, modeling noise impacts from construction equipment and operations.
- Traffic - establishing baseline conditions, modeling trip generation.
- Visual - developing visual simulations or evaluating visual impacts.
- Air Quality – establishing baseline condition, modeling construction related emissions, greenhouse gas emissions, evaluating health risks from emissions.
- Hydrology/Hydraulics - creek flow, flood risk, sediment transport, stormwater.
- Cultural / Tribal Resources – conducting records searches, conducting pedestrian surveys, evaluating historic resources, coordinating monitoring, and preparing cultural resource reports and DPR Forms 523.
- Wildfire – conducting hazard risk assessments.
- Hazards / Hazardous Materials – Records searches and conducting site assessments.
- Socioeconomic factors

Environmental Evaluation

Consultant may prepare environmental analyses in support of capital projects or operational programs. This work may include:

- Providing expert review and technical advice to address special environmental planning needs.
- Preparation of documents required by the California Environmental Quality Act (CEQA) such as Initial Studies, Mitigated Negative Declarations, Environmental Impact Reports, and supplemental and subsequent documents.
- Development of documents under the National Environmental Policy Act (NEPA).
- Support of public outreach under CEQA such as scoping meetings and public hearings.
- Preparation of response to public comments.
- Preparation of findings required under CEQA.

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- Preparation and maintenance of the administrative record

Regulatory Permitting Assistance

Consultant may support natural resource agency regulatory permitting and consultation activities for capital projects or operational programs with the United States Army Corp of Engineers (USACE); United States Fish and Wildlife Service (USFWS); National Marine Fisheries Service (NMFS); Valley Habitat Agency (VHA); California Department of Fish and Wildlife (CDFW); State Office of Historic Preservation (SHPO); Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Boards (RWQCB) and the State Water Resources Control Board (SWRCB). Requested work may include (but is not limited to):

- Preparation of draft and final permit applications and materials, including supporting technical documentation.
- Provide support to Valley Water during permit negotiations. This support may take the form of providing expert review and strategizing with Valley Water, preparing handouts and/or displays, attending meetings to answer questions and/or give short presentations.
- Cultural and Historic Resources permitting and consultation. Under direction of Valley Water, the consultant will develop applicable technical materials for compliance with Section 106 of the National Historic Preservation Officer (SHPO) as applicable.
- Provide documentation associated with Valley Habitat Plan (VHP) compliance requirements including but not limited to ground cover verification, completion of draft and final VHP reporting forms, calculations of applicable fees.

Mitigation Plans

The Consultant may develop mitigation plans, monitoring plans, or similar for projects and programs to meet mitigation and permit requirements.

8. Attachments

The following Standard Consultant Agreement listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

1. Total Authorized Funding

Total payment for Services performed, to the satisfaction of Valley Water, as described in the Schedule(s) will not exceed a total amount of **$3,000,000** Not-to-Exceed Fees or NTE. Under no conditions will the total compensation to the Consultant exceed NTE payment amount without prior written approval in the form of an amendment to this Agreement executed by Valley Water's Board of Directors (Board), or Chief Executive Officer, or designee, as authorized by the Board. The NTE also represents an Aggregate Fee amount that shall apply to each On-Call Agreement awarded for on-call environmental planning and permitting services. There is no guarantee of any particular amount of compensation to Consultant under this Agreement.

2. Terms and Conditions

A. Payments for services performed which applies to the specific Services, will be based on the following terms:

1) Valley Water will pay for Services provided by the Consultant according to the schedule of rates for professional, technical, and administrative personnel as well as materials and supplies as listed below in the Hourly/Unit Rate Schedule.

2) The stated hourly rates are effective for the term of this Agreement unless otherwise revised as indicated. After 12 months from the date this Agreement is entered into by parties ("anniversary date"), and each 12 months thereafter, these hourly rates may be negotiated by the Consultant and Valley Water, provided Consultant submits written notice to Valley Water of Consultant's request to revise the hourly rates 90 calendar days prior to the anniversary date of this Agreement. Both parties will use as a benchmark for negotiations the percent change for the previous 12 months of the "Employment Cost Index (ECI), for total compensation for private industry workers, for the San Francisco-Oakland-San Jose, CA CSA Census region and metropolitan area (not seasonally adjusted)" as published by the U.S. Department of Labor, Bureau of Labor Statistics, or 2%, whichever is less. A negative index will result in rates remaining the same. Such rate revisions are subject to written approval by Valley Water's Deputy Operating Officer.

B. **Reimbursable Expenses**

1) All reimbursable expenses not already covered in overhead may include, but are not limited to, mapping, rendering, printouts, leased equipment, mailing and delivery services, printing services, film and processing, plotting, and supplies. These other direct expenses as approved by Valley Water Project Manager (VWPM) will be billed on a monthly basis at actual cost plus 5% linked to each Agreement Task, provided that the Task total NTE amount is not exceeded. Consultant shall provide detailed receipts for each other direct expense item(s) with monthly invoices submitted. No

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markup will be applied to reimbursable expenses, either by the Consultant or by its subconsultants, subcontractors, or vendors. Consultant shall provide invoices for all such services regardless of cost.

2) Equipment purchased on behalf of Valley Water that costs $50 or more must receive the prior written approval of Valley Water Project Manager (VWPM). All equipment purchased on behalf of Valley Water and paid for by Valley Water shall become the property of Valley Water and be delivered to Valley Water prior to expiration of this Agreement.

3) Travel expenses are reimbursed at actual costs. Travel and overnight accommodations, including per diem, required for performance of this Agreement will be paid at reasonable cost not to exceed the U.S. General Services Agency Per Diem Rates for Sunnyvale/Palo Alto/San Jose, California area, provided prior approval has been obtained from Valley Water Project Manager (VWPM). For air travel, Valley Water will pay the cost of a coach class or equivalent ticket. Where air travel is required, Valley Water will pay the total cost of taxi, rideshare, public transportation, or a rental car, which may include insurance, gas, car fee, and taxes and will be paid at the actual costs incurred. Vehicle rental is limited to a compact or economy model, unless prior approval has been obtained from Valley Water Project Manager (VWPM) for a different type of vehicle.

4) Expenses incurred by the Consultant, including for Subconsultants, subcontractors and vendors, including lab services, will be reimbursed at actual cost plus 5%. Consultant shall provide invoices for all such services regardless of cost. The 5% markup will be applied only once, either by the Consultant or by its subconsultants, subcontractors, or vendors.

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

HOURLY/UNIT RATE TABLE

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Consultant: GEI Consultants, Inc.	
Senior Consultant Grade 8.1	$340.26
Senior Consultant Grade 8.2	$330.20
Senior Professional Grade 7	$269.87
Senior Professional Grade 6	$225.00
Senior Professional Grade 5	$191.00
Project Professional Grade 4	$162.00
Project Professional Grade 3	$132.00
Staff Professional Grade 2	$123.00
Staff Professional Grade 1	$97.00
Technician/Admin	$105.27
Subconsultant(s): Ascent Environmental, Inc.	
Principal	$297.37
Director (Air/Noise Services)/Technical Lead	$197.86
Project Manager	$187.69
Air Quality/Noise Specialist III	$141.58
Document Production/Technical Editor	$155.00
Project Accountant, Contracts Administrator	$159.68
Subconsultant(s): Stillwater Sciences	
Principal-in-Charge	$295.52
Principal Scientist/Engineer	$236.65
Senior Scientist/Engineer	$212.83
Associate Scientist/Engineer	$202.84
Assistant Scientist/Engineer	$171.60
Scientist II	$156.26
Scientist I	$137.53
Senior Technician II	$115.66
Senior Technician I	$103.84
Technician/Administrative	$93.00

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Subconsultant(s): Convey, Inc.	
Principal-in-Charge	$335.46
Project Manager	$194.57
Outreach Specialist	$174.44
Senior Graphic Designer	$207.99
Contract Administrator	$194.57
Admin Assistant	$80.51
Subconsultant(s): PHA Transportation Consultants	
Project Director	187.47
Subconsultant(s): Black & Veatch Corporation	
Project Director	$386.00
Sr Project Manager	$372.00
Project Manager	$336.00
Sr Engineer/Scientist	$371.00
Project Engineer/Scientist	$322.00
Staff Engineer/Scientist	$220.00
Sr Technician/Design	$258.00
Staff Technician 2	$212.00
Staff Technician 1	$165.00
Sr Project Control	$171.00
Project Control	$151.00
Senior Admin Assistant	$159.00
Admin Assistant	$117.00

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SCHEDULE EP
ATTACHMENT TWO
SCHEDULE OF COMPLETION

1. This Agreement commences on the Effective Date, subject to accomplishment of all conditions to formation of an agreement listed in the Standard Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 2. Formation of Agreement.

2. This Agreement expires 4 years after the Effective Date, unless Valley Water, at its sole discretion, extends the term of the Agreement by exercising its one (1) one-year option period. An extension of the term of this Agreements must be in the form of a written amendment and signed by both Parties.

3. Each Task Order will state the schedule for Consultant's performance of that Task Order.

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

1. Consultant's key staff assigned to the Project are as follows:

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Ryan Jolley	Senior Consultant Grade 8.1	Project Manager, CEQA/NEPA Lead	916.207.2655 rjolley@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Cindy Davis	Senior Consultant Grade 8.2	Permitting and ESA/CESA Lead	916.631.4515 cdavis@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Denise Jurich	Senior Consultant Grade 8.2	Cultural Resources Lead	916.912.4935 djurich@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Erick Cooke	Senior Consultant Grade 7	CEQA/NEPA	916.216.6930 ecooke@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Phil Dunn	Senior Consultant Grade 8.1	CEQA/NEPA	916.341.9127 pdunn@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Jody Fessler	Senior Professional Grade 6	CEQA/NEPA	916.382.8399 jfessler@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Katelyn Matroni	Senior Professional Grade 5	CEQA/NEPA	562.726.7292 kmatroni@geiconsultants.com 5901 Priestly Drive Suite 301 Carlsbad, CA 92008

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Drew Sutton	Senior Consultant Grade 7	CEQA/NEPA	916.631.4532 dsutton@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Eric Htain	Senior Consultant Grade 7	Permitting, ESA/CESA	916.912.4940 ehtain@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Nick Tomera	Senior Consultant Grade 7	Permitting	916.214.1308 ntomera@geiconsultants.com 5901 Priestly Drive Suite 301 Carlsbad, CA 92008
Summer Pardo	Senior Consultant Grade 7	Permitting, ESA/CESA, Wetlands	916.217.7350 spardo@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Kelly Fitzgerald-Holland	Senior Consultant Grade 7	Wildlife, ESA/CESA	916.341.9125 kholland@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Ally Bosworth	Senior Professional Grade 5	Fisheries, ESA/CESA	916.382.8380 abosworth@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Jesse Martinez	Senior Professional Grade 6	Cultural Resources	916.912.4938 jmartinez@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Madeline Bowen	Senior Professional Grade 6	Architectural History	916.912.4939 mabowen@geiconsultants.com 11010 White Rock Road, Suite 200 Rancho Cordova, CA 95670
Jenifer King	Senior Professional Grade 5	Land Use, Recreation, Aesthetics	916.382.8402 jeking@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Anne King	Senior Consultant Grade 7	Wildlife	619.517.2753 aking@geiconsultants.com 5901 Priestly Drive Suite 301 Carlsbad, CA 92008
Leslie Parker	Senior Professional Grade 6	Wetlands, Botany	916.912.4791 lparker@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Lynn Boyd	Senior Consultant Grade 7	Mitigation Planning	916.912.4937 lboyd@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670
Caitlin Rankin	Project Professional Grade 4	Geoarchaeology, Paleontology	916.341.9126 crankin@geiconsultants.com 11010 White Rock Road Suite 200 Rancho Cordova, CA 95670

2. The following Subconsultants and Subcontractors are authorized to perform Services pursuant to this Agreement:

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Firm	Project Role	Contact Information (Address, Phone and Email)
Ascent Environmental, Inc.	Air quality, greenhouse gases, noise/vibrations, decarbonization plans	Honey Walters Principal 530.574.0772 honey.walters@ascent.inc 455 Capitol Mall, Suite 300 Sacramento, CA 95814
Stillwater Sciences	Fisheries, wildlife, regulatory guidance and permitting, mitigation planning	Katherine Ayers Senior Director 206.817.7112 kayres@stillwatersci.com 622 20th Street, Suite 100 Sacramento, CA 95811
Convey, Inc.	Public outreach	Sibil Hatch President 510.847.9603 s.hatch@conveyinc.com 1250 45th Street, Suite 250 Emeryville, CA 94608
PHA	Transportation	Pang Ho Principal 510.848.9233 pangho1@yahoo.com 2711 Stuart Street Berkeley, CA 94705
Black & Veatch	Water infrastructure and treatment, desalination	Melanie Tan Resilience Solutions Director, West 510.717.8434 TanM@BV.com 2999 Oak Road, Suite 490 Walnut Creek, CA 94597

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SCHEDULE OC
ATTACHMENT FOUR
REFERENCE MATERIALS

Ref No.	Description
1	Santa Clara Valley Water District Non-Disclosure Agreement (NDA) (FC 1650)
2	Santa Clara Valley Water District (Valley Water) Standards for GIS Products April 2021 version: http://gis.valleywater.org/Download/GIS_PRODUCT_STANDARDS.pdf

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This agreement (Agreement) is effective once fully executed (Effective Date), by and between SANTA CLARA VALLEY WATER DISTRICT (Valley Water or District), and PANORAMA ENVIRONMENTAL, INC., a Delaware corporation (Consultant), individually the Party or collectively the Parties.

WHEREAS, Valley Water desires certain services hereinafter described and Consultant affirms it has the requisite experience and expertise, and desires to provide such services.

NOW, THEREFORE, Valley Water and Consultant, for the consideration and upon the Terms and Conditions specified, agree as follows:

SECTION ONE
SCOPE OF SERVICES

The Scope of Services (Services) to be performed pursuant to this Agreement is described in the Schedule, Scope of Services, attached hereto and incorporated herein by this reference (Schedule). Valley Water may require Consultant to provide all or a portion of these services (Services) through subsequently executed task orders (Task Orders). Task Orders will be in the form of the template described in Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders and in the Standard On-Call Consultant Agreement, Appendix Three, Task Order Template. These Services will be provided on an on-call basis (On-Call).

SECTION TWO

DUTIES OF CONSULTANT

1. Performance

A. Each Scope of Service described in an attached Schedule must be performed by Consultant, or at its direction, to meet the purposes specified in this Agreement. References to “Consultant” herein include those performing any portion of the Services at its direction such as Subconsultants, vendors, suppliers, subcontractors, and other business entities and individuals. Consultant will collaborate with Valley Water staff in engineering, asset management, operations, and maintenance units to be made aware of Valley Water operational constraints, procedures, or preferences relevant to Consultant’s performance of the Services described in the attached Schedule.

B. Unless the requirements for the Services described in the attached Schedule are specifically modified in writing, Consultant must perform Services and provide all deliverables as required.

C. Consultant shall not undertake any Services not described in the attached Schedule unless authorized in writing by Valley Water prior to the performance of such Services by issuance of a Task Order or pursuant to an amendment to this Agreement signed by both Parties.

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2. Consultant Controlled Areas

Consultant is responsible for the security and safety of the area(s) it controls wherein it is required to perform field operations pursuant to the Scope of Services.

3. Licensing

Services performed by Consultant will be undertaken only by persons appropriately licensed, certified, or registered in California, as applicable to the Services described herein, when required by statutes or regulations, as well as pursuant to the relevant standard of care as described in Section Two, Duties of Consultant, subsection 11. Standard of Care. Examples of such Services include those performed by: California State Licensed Contractors, Professional Engineers and Architects, Inspectors, and Surveyors. Consultant shall make available upon Valley Water's request documentation of qualifications and licensing of personnel performing Services described herein. Consultant must be registered with the California Department of Labor Standards Enforcement if the Services or a portion thereof is determined to be "Public Works" pursuant to California Labor Code §1720(a)(1).

4. Valley Water's Approval of Deliverables

Deliverables prepared by Consultant, notwithstanding acceptance and approval by Valley Water, which Valley Water determines must subsequently be modified due to errors or omissions, will be corrected at no additional cost to Valley Water.

5. Errors and Omissions

The Services may include preparation of deliverables by Consultant to be implemented in a public works construction project. Consultant is responsible for any direct or actual damages incurred by Valley Water which Valley Water determines result from Consultant's errors or omissions in Consultant's deliverables, including, but not limited to, any increase in the Valley Water's payment(s) due to its construction contractor, which increase is directly attributable to required revisions to the construction Contract Documents to the extent caused by Consultant's negligent acts, errors, or omissions.

6. Valley Water Standardization Requirements

A. Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and ESRI ArcGIS software that is compatible with Valley Water's current Microsoft Office software and ArcGIS and mapping data management standards.

7. Consultant's Key Staff and Subconsultants

A. Consultant's Key Staff and firms subcontracted by Consultant (Subconsultants) assigned to perform the Services are identified in the Schedule(s), Scope of Services, Attachment Three, Consultant's Key Staff and Subconsultants.

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B. The Project team organization chart and delegated responsibilities of each team member will be submitted to Valley Water for concurrence.

C. Consultant may utilize Subconsultants, subcontractors, suppliers, or vendors it deems appropriate to the complexity and nature of the required Services.

1) Consultant must obtain Valley Water's approval of all Subconsultants. Upon Valley Water's request, Consultant must provide copies of all Subconsultant agreements.

2) Consultant must require its delegates or Subconsultants to agree, in writing, to adhere to Terms and Conditions of this Agreement.

D. Any delegation or use of Subconsultants by Consultant will not operate to relieve Consultant of its responsibilities as described in this Agreement.

E. If any of Consultant's designated key staff persons or Subconsultants fail to perform to the satisfaction of Valley Water, on written notice from Valley Water, Consultant will have 15 calendar days to remove that person from the Project and provide a replacement acceptable to Valley Water.

F. Consultant will not charge Valley Water for the time it takes Consultant's replacement personnel to obtain Valley Water-specific Project knowledge in the possession of the person(s) being replaced.

G. Consultant's Key Staff: Valley Water's Project Manager (Valley Water Project Manager) or authorized representatives may approve any revisions to Consultant's list of key staff assigned to the Project as an administrative modification to this Agreement, and such approval will be confirmed in writing.

H. Consultant's Subconsultants

1) Valley Water's authorized representatives may approve any revisions to Consultant's list of authorized Subconsultants when the Subconsultant is deleted from the list and the Scope of Services is deleted from the Agreement or such services are assumed by Consultant; such approval will be confirmed in writing.

2) Valley Water's authorized representative may approve any revisions to Consultant's list of authorized Subconsultants when a listed Subconsultant is replaced (to perform the same Scope) or a new Subconsultant is added (to perform new Scope), provided the firm complies with all insurance requirements established by the Valley Water for such work; such approval will be confirmed in writing.

8. Compliance with All Laws

A. Consultant's performance must be in compliance with the most current versions of any and all laws relevant to the Services it performs pursuant to this Agreement, including, but not limited to adherence to: all applicable governmental laws, statutes, ordinances, rules, codes, regulations, orders, and other requirements; governmental requirements

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applicable to state and federal compliance with the Professional Land Surveyors Act; state and federal Endangered Species Act; state and federal water quality laws; and all other state and federal laws or regulations regarding environmental protection and compliance, health, safety, wages, hours, equal employment opportunity, nondiscrimination, working conditions, and transportation. In the event that Valley Water's assistance is necessary to achieve such compliance, Consultant shall promptly notify Valley Water.

B. Consultant shall provide, at Valley Water's request, documentation demonstrating Consultant's compliance with all laws as described herein. After reasonable notice and according to reasonable conditions, Valley Water has the right to inspect and copy any records of Consultant regarding such compliance.

C. Consultant represents and warrants that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal government department or agency.

9. Occupational Safety and Health

A. Consultant will perform the Services in compliance with the most current versions of all laws, standards, rules, and regulations of the Occupational Safety and Health Act, and all state and federal laws and regulations relating to safety and health standards. Consultant shall perform the Services in compliance with, will furnish only supplies, articles, and equipment that comply with such laws, standards, and regulations.

B. Consultant shall immediately notify Valley Water in the event of any personal injury accident or occurrence occurring during the performance of the Services. Upon Valley Water's request, Consultant shall provide Valley Water with documentation fully describing the accident and injury and the actions implemented to prevent similar occurrences.

10. Consultant as Independent Contractor

Consultant will perform all Services as an independent contractor and not an agent or employee of Valley Water. Consultant represents and warrants that it and its contractors who are performing any of the Services as Subconsultants will perform such Services as an independent contractor, and neither Consultant nor Subconsultants nor their employees are the servants, agents or employees of Valley Water. Except as expressly provided in this Agreement, Valley Water exercises no direction, supervision or control over Consultant, its employees, agents, or Subconsultants.

11. Standard of Care

A. Consultant must possess and maintain during the term of this Agreement all certifications, licenses, permits, and qualifications to perform the Services and prepare all deliverables. Consultant must perform all Services and prepare all deliverables in accordance with those standards and practices of care, skill, and diligence that are

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generally recognized and customarily observed by competent persons in Consultant's area of specialty in the State of California at the time such Services are rendered.

B. Consultant shall perform the Services and prepare all deliverables without any errors or omissions, and in accordance with Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

C. Consultant and its Subconsultants must perform the Services in compliance with all applicable written federal, state and local codes, statutes, laws, regulations, and ordinances, including, but not limited to, environmental, energy conservation, and disabled access requirements as per the provisions of Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

SECTION THREE

DUTIES OF VALLEY WATER

1. Available Data

Valley Water will make available to Consultant all data and information in its possession and control and which it deems necessary to the preparation of the deliverables specified in the Schedule. Valley Water will actively aid and assist Consultant in obtaining such information from other agencies and individuals as it deems necessary. Valley Water is not responsible for providing data and information that it does not possess.

2. Review of Deliverables

A. Valley Water will designate a Project Manager (Valley Water Project Manager or Authorized Representative) for purposes of administering and managing this Agreement.

B. Consultant's progress in completing the Services will be reviewed by Valley Water Project Manager at each milestone identified in an executed Task Order or at such other time(s) at the discretion of Valley Water.

C. Consultant must notify Valley Water in writing when it completes and has submitted to Valley Water each deliverable as per an executed Task Order. Deliverables deemed satisfactory and in compliance with this Agreement are subject to approval by Valley Water. Within 30 calendar days of receipt of each deliverable, Valley Water will either (1) notify Consultant that Valley Water accepts the deliverable, or (2) notify Consultant that the deliverable is not acceptable and must be revised.

D. If Valley Water advises Consultant that a deliverable must be revised due to errors or omissions by Consultant, Consultant must correct, at no cost to Valley Water, those deficiencies as soon as possible and shall notify Valley Water upon completion of the revised deliverable and submit to Valley Water.

E. Valley Water will then review the revised deliverable and within 30 calendar days of receipt, advise Consultant if the revised deliverable is acceptable. All deficient

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deliverables will be revised at no cost to Valley Water and this process will continue until Consultant has corrected all deficiencies identified by Valley Water.

F. None of the proposed changes or revisions or anything else in this Agreement will be construed to relieve Consultant of professional or legal responsibility for the performance of the Services as otherwise required by the Terms and Conditions of this Agreement. Corrections to any deliverable as a result of Consultant's errors or omissions, as determined by Valley Water, will not result in additional costs or expenses to Valley Water.

3. Access to Valley Water Facilities

Valley Water will facilitate access to Valley Water facilities as required for Consultant to perform the Services.

SECTION FOUR

FEES AND PAYMENTS

1. Total Fixed Not-to-Exceed Fees

A. Payment for all Services performed by Consultant to the satisfaction of Valley Water, as described in the Schedule will be based on the hourly rates, subject to the Total Fixed Not-to-Exceed (NTE) Fees stated in the Schedule, Attachment One, Fees and Payments. Valley Water will make payments to Consultant according to the terms provided for herein and in the Schedule, Attachment One, Fees and Payments. Payments made by Valley Water to Consultant for Services rendered will be considered full compensation for all personnel, materials, supplies, Subconsultant(s), equipment, and reimbursable expenses, incurred by Consultant to perform the Services. All Service requests will be made by Valley Water on an as-needed basis, subject to future Task Order(s) executed by Valley Water and Consultant.

B. It is understood and agreed that there is no guarantee, either expressed or implied, as to the actual dollar amount, if any, of services that will be authorized under this Agreement, and that Valley Water is not obligated to request any service(s) from Consultant at all. However, in valuable consideration for Consultant's agreement to be on-call to perform services for Valley Water upon request with no minimum guaranteed amount of work, Valley Water will pay Consultant Five Hundred Dollars ($500) on or before the expiration of this Agreement if Valley Water has not requested to utilize Consultant's services during the agreement term.

C. The Schedule, Attachment One, Fees and Payments, sets forth the hourly rates and NTE fee, if any, for Services Consultant may perform pursuant to an executed Task Order.

D. Services to be performed pursuant to a Task Order will commence only after written approval by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms, and Consultant's authorized representative.

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E. Notwithstanding any other provision of this Agreement, Valley Water agrees to pay Consultant in accordance with the terms set forth in an executed Task Order. Consultant represents and warrants that the amounts charged to Valley Water for Services do not exceed the amounts normally charged by Consultant to other customers for similar Services.

F. Upon the written approval of Valley Water, the Services described in a Task Order task may be reduced, revised, or deleted.

G. Automobile travel mileage expenses will be paid at the current Internal Revenue Service (IRS) rate. Valley Water will not reimburse Consultant nor its Subconsultants for mileage nor travel time to and from Valley Water Headquarters and surrounding campus located at 5700 Almaden Expressway, San Jose, California. However, Valley Water will reimburse Consultant and its Subconsultants for mileage incurred from Valley Water Headquarters or Consultant's and Subconsultants' firm addresses, whichever is closer to the destination, to Project site(s) and, if directed or authorized by Valley Water, to meeting locations such as with regulatory agencies, for community outreach activities and meetings, for partnering meetings, and Dispute Review Board meetings.

2. Consultant Invoices

A. Consultant's invoices will be prepared in accordance with the terms of this Agreement, Section Four, Fees and Payments, and represent Services performed and reimbursable costs incurred during the identified billing period. Invoices must be consistent with Scope of Services and executed Task Orders; and include the following:

1) Employee classification and name itemized with all labor charges by Service task;

2) Summary of the amount Consultant has been billed by their Subconsultants and further detailed by Service task;

3) A description of the site where Services were performed, if applicable;

4) The name of Valley Water staff requesting Services;

5) The dates when Services were performed;

6) Other direct charges and reimbursable expenses by Task Order task;

7) Other direct charges and expenses must reflect actual fees versus the Task Order not-to-exceed fees as stated in the Schedule(s), Attachment One, Fees and Payments, and/or Task Orders;

8) Level of Small Business (SB) participation, if applicable, documenting the level of SB participation for each Task Order;

9) The total amount due for completing the Services specified in that Task Order, which must not exceed the not-to-exceed amount specified in that Task Order; and

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10) To the extent that Consultant is adding an administrative, processing, overhead or mark-up fee, Valley Water will not pay for such duplication of costs for both Consultant and its Subconsultants.

B. Before submitting monthly invoices, a draft invoice (in Adobe PDF format) will be provided in electronic format by the Consultant for preliminary review by Valley Water Project Manager. Upon preliminary approval by Valley Water, Consultant will email the complete, signed, and dated electronic copy invoice, including all supporting documentation. Valley Water's preliminary review of the draft invoice does not represent final approval of the electronic copy invoice, but is intended to reduce potential for re-submittals of electronic copy invoice by Consultant.

C. Invoices will include a summary of labor expenditures, direct costs, and billed Subconsultant charges. Invoices will be organized such that the billing categories correspond with the Task Order.

D. Notwithstanding language to the contrary in an executed Task Order, Consultant must invoice Valley Water for a Task Order within 30 calendar days of Valley Water accepting the deliverables of that Task Order.

E. Consultant shall submit all invoices through Projectmates or other document control system designated by Valley Water. All inquiries regarding Projectmates must be directed to Valley Water's Capital Project Management and Project Controls Program (CPMPC@valleywater.org). Consultant must also ensure that each invoice and corresponding attachments contain the following information:

1) Agreement number;

2) Consultant Invoice number in the following format: Agreement Number followed by a three-digit consecutive numbering sequence and separated by a period. For example, A1234A.001, A1234A.002, etc.

3) Task Order number;

4) Full legal name of Consultant/Firm;

5) Payment remit-to address;

6) Invoice date (the date invoice is emailed);

7) Detailed description of Services provided, including the "distribution account(s)" for those Services;

8) Number of hours spent by each person performing services and a brief description of the Services performed by each person; and

9) Beginning and end date for billing period that services were provided.

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F. Consultant shall invoice for its performance of the Services as stated in an executed Task Order on a monthly basis consistent with the task fee breakdown stated in the Task Order(s), Attachment A. Unless otherwise specified in a Task order, Consultant will be paid for the Services as described in an executed Task Order.

G. Valley Water Project Manager will review Consultant's written invoice within five Valley Water business days of receipt, address any questions with Consultant's Contact/Principal Officer and approve the undisputed amount of the invoice within ten working days of receipt of the invoice. Valley Water will pay undisputed invoice amounts within 30 calendar days from date invoice is received by Valley Water Project Manager.

H. Invoice Disputes

1) Valley Water may in good faith assert a bona fide dispute as to all or a portion of fees specified in any invoice. If any portion of an amount due to Consultant pursuant to this Agreement is subject to a bona fide dispute between the Parties, within 30 calendar days of Consultant's submission of an invoice in which a disputed amount is included, Valley Water will notify Consultant in writing of the specific items in dispute, and will describe Valley Water's reason(s) for disputing each such item.

2) Consultant and Valley Water Project Manager must act in good faith to resolve the dispute in a timely manner. If the dispute is not resolved by Consultant and Valley Water Project Manager within 30 calendar days of Consultant receiving Valley Water's written notice of dispute, Consultant and Valley Water will attempt to resolve the dispute pursuant to the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

I. Consultant's Services will be performed by its staff members and Subconsultants' staff members at the lowest hourly and unit rates commensurate with the complexity of the required Services.

J. Consultant shall ensure that its personnel performing services pursuant to this Agreement document their time doing so.

3. Prevailing Wages [NOT USED]

A. A portion of the Services to be performed pursuant to this Agreement may be considered "Public Works" subject to California Labor Code §1771, et. seq. and the applicable implementing regulations. If Consultant's Services includes such work, Consultant and its Subconsultants must comply with all Labor Codes applicable to prevailing wages.

B. Labor Code §1720 provides as follows:

"(a) As used in this chapter, "public works" means all of the following:

(1) Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public

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authority. For purposes of this paragraph, "construction" includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, "installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems."

C. Consultant and its Subconsultants shall not engage in the performance of public work, as defined in California Labor Code §1771.1, unless currently registered and qualified to perform public work pursuant to California Labor Code §1725.5.

D. The General Prevailing Wage Rates issued by the California Department of Industrial Relations may be adjusted by the State throughout the term of this Agreement. Notwithstanding any other provision of this Agreement, Consultant will not be entitled to any adjustment in compensation rates in the event there are adjustments to the General Prevailing Wage Rates.

E. This Agreement is subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations. Upon request, Consultant and Subconsultants must furnish the records specified in Labor Code §1776 directly to the Labor Commissioner, in a format prescribed by the Labor Commissioner.

F. All records or documents required to be kept verifying statutory compliance with the prevailing wage requirement, such as certified payroll records, must be made available for audit at no cost to Valley Water, at any time during regular business hours, upon written request by Valley Water. Records and documents to be provided in electronic or hard copy format, at Valley Water's discretion.

G. **California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements**

Prior to Valley Water executing a Task Order for Services involving public works, as defined herein, Consultant, and its Subconsultant(s) performing public works, must provide evidence, in the form required by Valley Water, that Consultant and its Subconsultant(s) are in compliance with the California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements.

4. Retention

A. Unless otherwise specified in an executed Task Order, ten percent of each invoice for that Task Order will be withheld by Valley Water and not paid to Consultant until 30 calendar days after the assigned Valley Water representative signs the final approval for all Services/deliverables as stated in the executed Task Order, consistent with Section Three, Duties of Valley Water, subsection 2. Review of Deliverables.

B. Consultant may request, and Valley Water may consider and approve, release of retention withheld by Valley Water.

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SECTION FIVE

SCHEDULE OF COMPLETION

1. Performance of Tasks

Consultant will commence performing the tasks described in the Scope of Services of an executed Task Order upon receipt of the Task Order Notice to Proceed (NTP) issued by Valley Water.

2. Task Order Schedule

Consultant will perform and complete the Services in accordance with the schedule (Schedule) as described in each Task Order. Consultant will coordinate Services with Valley Water to provide the timeline of all tasks and subtasks including the site visits, document review, meetings, and deliverables.

3. Project Delays

Consultant will make all reasonable efforts to comply with the Schedule as stated in a Task Order. In the event the Task Order Schedule will be delayed, Consultant will notify Valley Water Project Manager as soon as possible, providing the reason why, the length of the delay, and a description of the actions being taken to address the delay. In the event Consultant is delayed in performance of its Services by circumstances beyond its control, Valley Water may, at its discretion, grant a reasonable adjustment in the Schedule.

4. Changes to the Schedule

Valley Water's Project Manager and Consultant may agree to modify the Schedule specified for Consultant's performance in an executed Task Order as an administrative modification to the Task Order and will confirm such modifications in writing.

SECTION SIX

AGREEMENT MODIFICATIONS

The Parties may agree to modify the Terms and Conditions of this Agreement by executing a written amendment hereto.

SECTION SEVEN

TERM AND TERMINATION

1. Term & Automatic Termination

No Task Order will be written which extends beyond the expiration date of this Agreement. Consultant will not undertake to provide Services where it reasonably appears that the

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Services cannot be performed and completed within the Term of this Agreement. Uncompleted and/or unfinished Task Orders will co-terminate with this Agreement.

2. Valley Water Rights

A. Suspension: Valley Water may, by written notice to Consultant, suspend any or all Services pursuant to this Agreement or to any individual Task Order. Valley Water may subsequently terminate this Agreement or any Task Order for convenience or determine to proceed. If a decision to proceed is not made within 90 days from the date of the notice of suspension, any decision to proceed must be conditioned upon execution of a new Notice to Proceed or Task Order.

B. Termination for Convenience: Valley Water may, by written notice to Consultant, terminate all or part of this Agreement or any Task Order at any time for Valley Water's convenience. Upon receipt of such notice, Consultant will immediately cease all work as specified in the notice. If this Agreement or any Task Order is so terminated, Consultant will be compensated as set forth in Section Seven, Term and Termination, subsection 3. Consultant's Compensation upon Termination or Suspension.

C. Termination for Breach: If Consultant violates any of the covenants, agreements or stipulations of this Agreement or a Task Order, or if Consultant fails to fulfill in a timely and proper manner its obligations pursuant to this Agreement or any Task Order, and does not cure such failure or violation within 30 days (or a reasonable extension thereof, if requested, which extension will not be unreasonably withheld) after receipt of written notice from Valley Water specifying such failure or violation, Valley Water will thereupon have the right to terminate this Agreement and any or all uncompleted Task Orders by giving written notice to Consultant of such termination. Such notice will specify the effective date thereof, and Consultant will not be entitled to compensation for Services or expenses beyond the specified termination date.

D. If, after notice of termination for breach of this Agreement or any Task Order, it is determined that Consultant did not breach the Agreement or Task Order, the termination will be deemed to have been implemented for Valley Water's convenience, and Consultant will receive payment that is allowed by this Agreement for a termination for convenience.

E. The rights and remedies provided herein to Valley Water are in addition to any other rights and remedies provided by law, this Agreement, or a Task Order.

3. Consultant's Compensation upon Termination or Suspension

In the event of termination of this Agreement or any Task Order, or suspension of Services by Valley Water, Consultant shall receive compensation based on satisfactory performance, accepted by Valley Water, as follows:

A. Direct Labor: Consultant shall be entitled to receive compensation for all authorized direct labor performed prior to termination pursuant to the provisions of this Agreement or Task

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Order and all authorized labor expenses incurred to demobilize from the Project after the date of termination;

B. Other Direct Costs and Expenses: Consultant shall be entitled to receive compensation for all authorized other direct costs and expenses incurred prior to termination and all authorized expenses incurred to demobilize from the Project after the date of termination; and

C. In no event shall the total compensation paid for any item of Service exceed the payment specified in the Agreement or applicable Task Order for that item of Service.

4. Survival

The Terms and Conditions of this Agreement, that by their context and a standard of reasonableness, are intended to survive termination, suspension, completion, and expiration of this Agreement, shall survive, including but not limited to, the following Sections and subsections: Independent Contractor Status, Confidentiality, Indemnification, Insurance Requirements, and Dispute Resolution, as well as any Consultant representations and warranties.

SECTION EIGHT

INDEMNIFICATION

1. Notwithstanding any other provision of this Agreement, Consultant agrees to indemnify, defend and hold harmless Valley Water, its agents, officers, directors, and employees from and against any and all demands, claims, damages, losses and reasonable expenses, including but not limited to liabilities, obligations, claims, costs, reasonable expenses (including, without limitation, interest, penalties and reasonable attorney's fees), fines, taxes, levies, imposts, assessment, demands, damages or judgments of any kind or nature, whether in law or equity (including, without limitation, death or injury to any person, property damage, administrative and judicial orders and consents, or any other loss) to the extent they arise out of, pertain to, or relate to Consultant's negligence, recklessness, or willful misconduct.

2. The foregoing does not limit any strict liability imposed on Consultant by law. The rights, duties, and obligations of the Parties as set forth above in this Section Eight, Indemnification, survive termination, expiration, completion, and suspension of this Agreement.

SECTION NINE

INSURANCE REQUIREMENTS

Insurance requirements applicable to this Agreement are set forth in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements. Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, all insurance coverages as detailed in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements, and comply with all provisions stated therein.

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SECTION TEN

OWNERSHIP AND REUSE OF DELIVERABLES

1. Valley Water Ownership

All deliverables and other materials prepared by Consultant, including computer programs and media developed by Consultant, to perform the Services, during the term of this Agreement, will be and remain the property of Valley Water following payment in full to Consultant for each task or portion of a completed task, or in accordance with Section Seven, Term and Termination. In the event the work is not completed, the completed portions thereof will become the property of Valley Water. Consultant will provide Valley Water with such deliverables and material at appropriate times during this Agreement. Consultant may retain a copy for its records. Consultant does not convey, assign, or transfer the intellectual property rights it has, so as to limit its ability or right to develop, design, or provide services on other projects of or for its other clients.

2. Reuse of Instruments of Service

If Valley Water desires to reuse the completed plans, specifications, or other deliverables, in total or in part, on project sites associated with this Agreement, or any other site, or to complete any incomplete portion of construction documentation which Valley Water has already paid Consultant, Valley Water will release Consultant from any liability incurred by Valley Water from reusing said deliverables.

3. Copies of Data

Copies of data exchanged by, through, and between Valley Water and Consultant that may be relied upon are limited to printed copies. Computer-generated files, disks, or tapes of text, data or graphics that are furnished are only for the mutual convenience of the Parties.

4. Computer-Generated Material

Any risk of translation or reliance on information obtained or derived from computer-generated material is at the user's sole risk, and no representations are made, either express or implied, as to the long-term performance of data thus transferred.

5. Work for Hire

Any and all original correspondence, memoranda, reports, designs, plans, specifications, data compilations, computer programs, or drawings delivered to Valley Water by Consultant according to the Terms of this Agreement, in or by any medium is deemed to be "work for hire" according to the copyright laws of the United States and the copyright belongs to Valley Water.

6. Copyright Claims

Co-venturers, subcontractors, Subconsultants, suppliers, and vendors to Consultant are likewise bound by these copyright terms. Valley Water makes no copyright claim and

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requires no release for copyrighted material or trademarked names used incidentally by Consultant.

SECTION ELEVEN

EQUAL OPPORTUNITY

1. Equal Opportunity Employer

Valley Water is an equal opportunity employer and requires its consultants to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, Consultant will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any subcontractor, employee, or applicant for employment in the recruitment, hiring, employment, utilization, promotion, classification or reclassification, transfer, recruitment advertising, evaluation, treatment, demotion, layoff, termination, rates of pay or other forms of compensation, and selection for professional development training (including apprenticeship), or against any other person, on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices), political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

2. Compliance with Applicable Equal Opportunity Laws

Consultant's policy must be in conformance with applicable state and federal guidelines including the Federal Equal Opportunity Clause, 41 Code of Federal Regulations, Part 60-1, §60-1.4; Title VII of the Civil Rights Act of 1964 as amended; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973 (§503 and §504); the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.); the California Fair Employment and Housing Act (Government Code §12900 et. seq.); and California Labor Code §1101 and §1102.

3. Investigation of Claims

Consultant must designate a specific position within its organization to be responsible for investigating allegations of non-compliance with the anti-discrimination and anti-harassment provisions of this Agreement. Consultant must conduct a fair, prompt, and thorough investigation of all allegations directed to Consultant by Valley Water. In cases where such investigation results in a finding of discrimination, harassment, or hostile work environment, Consultant must take prompt, effective action against the offender.

SECTION TWELVE

MISCELLANEOUS PROVISIONS

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1. Entire Agreement

This Agreement, which includes the Terms and Conditions, Appendices, the Schedule(s), Schedule(s)' Attachments, and all executed Task Orders, represents the entire understanding between the Parties hereto relating to the Services described in this Agreement and its executed Task Orders, which are incorporated herein by this reference, and supersedes any and all prior proposals or agreements, whether written or oral, that may exist between the Parties. This Agreement may not be modified or amended except in writing as stated herein. To the extent that any Schedule conflicts with this Agreement, this Agreement shall control.

2. Formation of Agreement

A. No agreement between the Parties is formed until all applicable actions have been completed to the satisfaction of Valley Water. Valley Water Project Manager will not issue a Notice to Proceed until all required documents have been submitted and accepted by Valley Water.

B. Formation of this Agreement between the Parties requires accomplishment of the following, as applicable:

1) Execution of the Agreement by Consultant;

2) Submission by Consultant, and acceptance by Valley Water, of evidence of all required insurance coverages and documents;

3) Submission by Consultant, and acceptance by Valley Water, of evidence of all required Form 700 documents, if applicable;

4) Submission by Consultant, and acceptance by Valley Water, of all required Non-Disclosure Agreements (NDA) as provided in the Schedule(s), Attachment Four, Reference Materials, if applicable;

5) Submission by Consultant, and acceptance by Valley Water, of a Health and Safety Plan, if applicable;

6) Any other requirements that are deemed necessary by Valley Water; and

7) Execution of the Agreement by Valley Water.

3. No Assignment

A. The expertise and experience of Consultant are material considerations for Valley Water's award and execution of this Agreement. Consultant will not assign or transfer any interest in this Agreement nor the performance of any of Consultant obligations hereunder, without prior written consent of Valley Water in the form of an amendment executed by the Parties, and any attempt to so assign this Agreement, or any rights, duties or obligations arising hereunder, will be void and of no effect. Any assignment of

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monies due or to become due in accordance with this Agreement, will be to the extent permitted by law, and will be subject to all proper set-offs, deductions, and withholdings in favor of Valley Water.

B. In no event shall an assignment of any interest in this Agreement release Consultant from its duties and responsibilities as described in this Agreement nor shall Consultant be released from liability created by the provision of Services as described in this Agreement until such assignment takes effect. Any attempted or purported assignment without Valley Water's written consent in the form of an amendment executed by the Parties is null and void.

4. Reasonableness

Discretionary actions or approvals to be performed by the Parties will be exercised in a reasonable manner.

5. Gifts

Consultant hereby acknowledges that Valley Water policy prohibits the acceptance by Valley Water personnel of gifts of any kind from its contractors, consultants, suppliers or vendors. Consultant shall honor this policy by not sending or bringing gifts to Valley Water.

6. Audits

Consultant agrees that Valley Water and its agent(s) have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Consultant agrees to provide Valley Water and its agent(s) with any relevant information requested, in electronic and hard copy format, at Valley Water's discretion, and will permit Valley Water and its agent(s) access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees (alternatively, by phone at Valley Water's discretion) and inspecting or copying books, records, accounts, computerized records, and other materials that may be relevant to the matter under investigation or subject to audit, such as by a government agency, providing Valley Water with grant funds to pay for Consultant's services, for the purpose of determining compliance with this Agreement. Consultant further agrees to maintain such records for a period of three years after final payment as provided for in this Agreement.

7. Force Majeure

Neither Party will be held responsible for delays caused by acts beyond its control, such as acts of God or public enemies, utility or communication delays, or failures not caused by such Party's negligence or fault, accidents not caused by such Party's negligence or fault, labor disputes, war, or failure of the other Party to provide data as required pursuant to this Agreement.

8. Binding Effect

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This Agreement is binding on the heirs, executors, administrators, successors and assigns of the Parties.

9. Choice of Law and Venue

The Parties agree that this Agreement is to be governed, construed, and enforced in accordance with the laws of the State of California. The Parties also agree that the venue of any litigation arising out of or connected with this Agreement will lie exclusively in the state trial court or Federal District Court located in Santa Clara County in the State of California. The Parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

10. Confidentiality

A. Due to the nature of the services Consultant will provide pursuant to this Agreement, there may be disclosures made to Consultant of detailed information about Valley Water's operations, including on a need-to-know basis information which may be protected from public disclosure by confidentiality laws, the attorney-client privilege, and/or other provisions of law which govern the nature and timing of disclosure of public information.

B. Consultant understands and acknowledges that Valley Water staff members providing information to Consultant do so with the understanding that such information will be handled appropriately.

C. In the event Consultant receives such restricted or confidential information, Consultant will limit access to the information to only those of Consultant's employees, its subcontractors and its Subconsultants authorized by Valley Water to have the information.

D. Consultant will notify Valley Water immediately of any request by any third party to have access to confidential information and will not disclose the requested information without first receiving express written authorization from Valley Water.

E. Notwithstanding the aforementioned Confidentiality requirements, upon the request of Valley Water Project Manager, Consultant, and its Subconsultants shall execute Valley Water's most current Non-Disclosure Agreement in effect at that time.

F. The requirements stated herein will survive completion, expiration, suspension, and termination of this Agreement.

11. Release of Information Prohibited

Consultant is not permitted to provide any information concerning the Project to the media nor anyone other than authorized Valley Water personnel. Consultant will not release any information pertinent to the Project for publication, public disclosure, or in any other manner without first obtaining clearance and a release in writing from Valley Water. Any media inquiry at any time to Consultant relating to any matter concerning Services provided or requested to be provided pursuant to this Agreement will be referred immediately to Valley Water. Consultant will not communicate with the media regarding any such matter.

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12. Conflict of Interest

A. Consultant represents that there exists no actual or potential conflict of interest concerning the services to be performed pursuant to this Agreement.

B. Consultant represents that Consultant's performance required as stated in this Agreement does not require the breach of any agreement or obligation to keep in confidence the proprietary information of another party. Consultant will not bring to Valley Water, or use in the performance of Consultant's duties as described in this Agreement, any materials or documents of another party considered confidential or proprietary unless Consultant has obtained written authorization from such party, and the informed consent of Valley Water, for the possession and use of such materials.

C. Consultant represents and warrants that during the term of the Agreement, Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant shall not act as a Consultant or expert for any party in support of any potential or active claim or legal action against Valley Water by such party.

D. CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION STATEMENT OF ECONOMIC INTEREST FORM 700 ("FORM 700"): Upon Valley Water's request, Consultant employees, officers, agents, Subconsultants, and subcontractors shall complete, execute, and submit a Form 700 as follows:

1) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, shall file, in a manner prescribed by Valley Water, an Assuming Office Statement. The Assuming Office Statement shall be filed:

   a. Within 30 calendar days of the effective date of this Agreement; or

   b. Within 30 calendar days of Consultant hiring, adding, or promoting to a designated filer position, employees, officers, agents, Subconsultants, and subcontractors to perform services pursuant to this Agreement;

2) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, an amendment to their Form 700 any time there is a need to correct or change disclosure information;

3) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file an Annual Statement in a manner prescribed by Valley Water, during the annual filing season, as determined by Valley Water;

4) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office

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Statement, shall file in a manner prescribed by Valley Water, a Leaving Office Statement with Valley Water when one of the following occurs:

a. Upon termination of this Agreement; or

b. Within 30 calendar days of Consultant employees, officers, agents, Subconsultants, and subcontractors vacating a designated filing position (i.e., removed from the Project, promotion, demotion, transfer to non-designated position, end of employment, or as a result of changes in designated filer positions in Valley Water's Conflict of Interest Code);

5) Consultant understands and agrees that its employees, officers, agents, Subconsultants, and subcontractors may be disqualified from providing services to Valley Water pursuant to the California Political Reform Act, Government Code §81000 et. seq. and §1090. If any of Consultant's employees, officers, agents, Subconsultants, and subcontractors are disqualified from providing services, on written notice from Valley Water Project Manager, Consultant will have 15 calendar days to remove said employee(s), officer(s), agent(s), Subconsultant(s)' and subcontractor(s)' employee(s) from the Project and provide a replacement acceptable to Valley Water;

6) The failure of Consultant's employees, officers, agents, Subconsultants, and subcontractors to file an Assuming Office, Annual, Amended, or Leaving Office Statement within the time prescribed by Valley Water is deemed a material breach and may result in termination of the Agreement for cause.

13. Task Orders

A. All tasks and Services may be assigned to Consultant through issuance of Task Orders. The Valley Water Project Manager will identify and communicate the applicable tasks and services based on the menu of tasks listed in the Scope of Services to be provided to the Consultant. After the tasks and Services are identified and communicated to Consultant by Valley Water Project Manager, Consultant will prepare a proposed Task Order request (see Standard On-Call Consultant Agreement, Appendix Three, Task Order Template). The proposed Task Order must identify the following:

1) Description of the Services, including deliverables;

2) The total Not-to-Exceed Fees for Consultant to complete the Services, including estimated number of hours per assigned staff to complete the Services;

3) Proposed staff that will be assigned to complete the Services, including resumes if not previously provided to Valley Water's Project Manager;

4) Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

5) Schedule for completing the Services; and

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6) Copies of applicable state and federal permits required to complete the Services, unless previously provided to Valley Water.

B. Consultant agrees that the Not-to-Exceed Fees specified in a proposed Task Order will be the product of a good faith effort in exercising its professional judgment. After an agreement has been reached on the negotiable items, the finalized Task Order will be signed by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms and Consultant's authorized representative.

C. Consultant must not commence performance of work or services on a Task Order until it has been approved by Valley Water's authorized representative and Notice to Proceed has been issued by Valley Water Project Manager. No payment will be made for any services performed prior to approval or after the period of performance of the Task Order. The period of performance for Task Orders will be in accordance with dates specified in the Task Order. No Task Order will be written which extends beyond the expiration date of this Agreement. The total amount payable by Valley Water for an individual Task Order will not exceed the amount agreed to in the Task Order.

D. Prevailing Wage Requirements: The Scope of Services may be considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages, and Appendix Three, Task Order Template.

14. Good Neighbor

Valley Water always strives to be a good neighbor to the community adjacent to its facilities. Consultant will ensure that disturbance to neighbors is minimized. Consultant, its staff, and Subconsultants will always interact with the members of the public in a polite and professional manner.

15. Governmental Permits and Notifications

Unless otherwise expressly stated herein or in an executed Task Order, Consultant represents and warrants that it has investigated the need for, and has or will procure, at its cost, and in its own name to the extent allowed by law, all governmental permits, notifications, approvals and inspections required for the performance of the Services. Consultant shall promptly notify Valley Water if any such permit or approval lapses or is modified or revoked. If, pursuant to applicable law, any such permits or approvals must be procured in Valley Water's name, Consultant shall promptly so inform Valley Water and assist Valley Water in obtaining such permits or approvals.

16. Taxes and Benefits

Consultant has full and exclusive liability for the payment of, and Consultant will pay, any and all taxes and contributions for unemployment insurance, retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities and similar benefits and any other employment-related costs, obligations, and duties that may now or hereafter

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be imposed by law, collective bargaining agreements or otherwise with respect to persons employed by Consultant for the performance of Services pursuant to this Agreement.

17. Nonwaiver of Rights

The failure of either Party to this Agreement to object to or to take affirmative action with respect to any conduct of the other Party that is in violation of the terms of this Agreement will not be construed as a waiver thereof, or as waiver of any future breach or subsequent wrongful conduct.

18. No Third-Party Beneficiaries

Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity, other than the Parties hereto, any legal or equitable right, remedy, or claim under or in respect of this Agreement or any covenants, conditions, or provisions contained herein.

19. Severability

If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.

20. Debt Limitation

This Agreement is contingent on the appropriation of sufficient funding by Valley Water for the services described in this Agreement. Valley Water is subject to laws or policies which limit its ability to incur debt in future years. Nothing in this Agreement shall constitute an obligation of future legislative bodies of Valley Water to appropriate funds for purposes of this Agreement.

21. Notices

Unless otherwise specified in this Agreement, all requests for written approval or legal notices must be sent to the representatives below. All notices are deemed to have been given when made in writing and when delivered or mailed to the representatives of Valley Water and Consultant at their respective addresses as follows:

VALLEY WATER:

Deputy Operating Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

CONSULTANT:

Consultant Principal Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

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22. Appendices

The following list of Standard On-Call Consultant Agreement Appendices are incorporated herein by this reference as though set forth in full:

Appendix One - Additional Legal Terms
Appendix Two - Dispute Resolution
Appendix Three - Task Order Template
Appendix Four - Insurance Requirements

23. Schedule and Attachments

Schedule OC, Scope of Services, and the following listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

(SIGNATURES FOLLOW ON NEXT PAGE)

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IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR CONSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THROUGH THE SIGNATURES OF THEIR DULY AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER DISTRICT
Valley Water

By: _____
Tony Estremera
Chair, Board of Directors

Date: May 12, 2026

ATTEST:

_____
Candice Kwok-Smith
Clerk, Board of Directors

PANORAMA ENVIRONMENTAL, INC.
Consultant

Signed by:
Tania Treis
573019A9A18941A...

By: _____
Tania Treis
President

Date: 5/8/2026

Consultant's Address:
717 Market Street, Suite 400
San Francisco, CA 94103

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
ADDITIONAL LEGAL TERMS

1. Conflict of Interest for Future Services

Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant, [or any of its Subconsultants], shall not submit a proposal:

A. For any agreement to be awarded for [construction management, or the construction] of any project that is related to the Services provided pursuant to this Agreement;

B. In response to any request for proposal or Valley Water solicitation developed or prepared by or with the assistance of Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant; or

C. For any single or sole source products/services related to the Services pursuant to this Agreement or have a financial stake in any single or sole source products/services resulting from this Agreement.

2. Dispute Resolution

If a dispute occurs between the Parties as a result of this Agreement, then the Parties agree to use the Dispute Resolution process outlined in the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

3. Small Business Enterprise (SBE) Outreach Program Participation

This Agreement provides for the Consultant to include California Department of General Services certified Small/Micro Businesses in the performance of the Services, estimated to be 100**%** of the Total Not-to-Exceed Fees stated in the Standard Consultant Agreement, Attachment One Fees and Payments, to the Schedule(s), and Consultant agrees to use its best efforts to meet this goal.

4. Task Order Approvals

A. Services to be performed pursuant to a Task Order may only commence once a specific Notice to Proceed for that Task Order has been issued by Valley Water.

B. Task Orders are subject to approval by Valley Water's Deputy Operating Officer unless delegated to an Assistant Operating Officer and/or Unit Manager.

C. Valley Water Assistant Operating Officer is authorized to approve individual Task Orders in an amount not-to-exceed $[authorization amount]. [NOT USED]

D. Valley Water Unit Manager(s) is authorized to approve individual Task Orders in an amount not-to-exceed $ [Authorization Amount]. [NOT USED]

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E. The total not-to-exceed amount for any one Task Order shall not exceed $ [NOT-TO-EXCEED AMOUNT]. [NOT USED]

F. Consultant must acknowledge receipt and respond to Valley Water's request to submit a Cost Proposal within five (5) business days or within the time specified in Valley Water's request.

G. Upon Valley Water and Consultant's successful negotiation of the Consultant's Cost Proposal, Consultant must submit a Task Order within five (5) business days or within the time specified in Valley Water's request, for Valley Water's approval of the Task Order, and issuance of a Notice-to proceed.

5. Task Order Assignments for Multi-Awards Agreement

Valley Water has retained five (5) separate consultants to perform on-call environmental planning and permitting services during the same timeframe. Task orders will be assigned on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to each of the consultants. Valley Water's Project Manager is responsible for administering the task orders for assigned work among the five (5) firms for the term of the Agreements.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
EXHIBIT A
FEDERAL REQUIREMENTS

1. FEDERAL GRANT REQUIREMENTS

Projects receiving credit assistance must comply with all federal laws and regulations, including environmental compliance and other compliance requirements.

Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are contained herein and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

In addition, Valley Water is actively seeking state and federal grant funding for the Project. Consultant agrees to comply with all applicable state and federal funding requirements and pertinent laws, regulations, and policies, including, but not limited to the Uniform Guidance for Federal Awards (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (April 30, 2026), prevailing wage, and Build America, Buy America. Specific agency-level guidance and requirements may also apply.

2. DEBARMENT AND SUSPENSION

Consultant certifies that it will not knowingly enter into a contract with anyone who is ineligible under the 2 CFR part 180 and part 1532 (per Executive Order 12549, 51 FR 6370, February 21, 1986) or who is prohibited under Section 306 of the Clean Air Act or Section 508 of the Clean Water Act to participate in the Project. Suspension and debarment information can be assessed at http://www.sam.gov. Consultant represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its subcontracts under this Agreement.

3. FEDERAL LOBBYING RESTRICTIONS (31 U.S.C. 1352)

Recipients of federal financial assistance may not pay any person for influencing or attempting to influence any officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, continuation, renewal, amendment, or modification of a federal grant loan, or contract. These requirements are implemented for USEPA in 40 CFR Part 34, which also describes types of activities, such as legislative liaison activities and professional and technical services, which are not subject to this prohibition. Upon award of this contract, Consultant shall complete and submit to Valley Water the Certification Regarding Lobbying form

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(https://www.epa.gov/system/files/documents/2021-08/epa_form_6600_06.pdf) and Disclosure of Lobbying Activities form (https://www.epa.gov/grants/sf-lll-disclosure-lobbying-activities) found in Appendix A and Appendix B to 40 CFR Part 34. Consultant shall also require all subcontractors and suppliers of any tier awarded a subcontract over $100,000 to similarly complete and submit the certification and disclosure forms to Valley Water pursuant to the process set forth in 40 CFR 34.110.

4. CIVIL RIGHTS OBLIGATIONS

Consultant shall comply with the following federal non-discrimination requirements:

a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP). (424 U.S.C. 2000D, et. seq)

b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities. (29 U.S.C. 794, supplemented by EO 11914, 41 FR 17871, April 29, 1976 and EO 11250, 30 FR 13003, October 13, 1965)

c. The Age Discrimination Act of 1975, which prohibits age discrimination. (42 U.S.C. 6101 et. seq)

d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.

e. 40 CFR Part 7, as it relates to the foregoing.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX TWO
DISPUTE RESOLUTION

1. Consultant's Questions and Concerns

Questions regarding the Terms, Conditions, and Services relating to this Agreement will be decided by Valley Water who will furnish the decisions to Consultant in writing within 30 days after receiving a written request from Consultant.

2. Dispute Resolution

A. Alternate Dispute Resolution

Valley Water intends to use Alternate Dispute Resolution (ADR) techniques including partnering and mediation to resolve disputes relating to the Project.

B. Consultant and its Subconsultants are expected to participate in all ADR efforts.

C. The cost of partnering, training facilities, and facilitator will be paid for by Valley Water, unless the Parties agree otherwise.

3. Negotiations Before and During Mediation

Negotiations to resolve disputes before and during mediation are initiated for settlement purposes only, are confidential, and are not binding unless otherwise agreed by Valley Water and Consultant.

4. Voluntary Mediation

A. Initiation of Mediation

Any Party to a dispute or claim may initiate mediation by notifying the other Party or Parties in writing.

B. Request for Mediation

A request for mediation must contain a brief written statement of the nature of the dispute or claim, and the names, addresses, and phone numbers of all parties to the dispute or claim, and those who will represent them, if any, in the mediation.

C. Selection of Mediator

1) Upon receipt of a written request for mediation, unless otherwise agreed by the Parties, within 14 days, the Parties will confer to select an appropriate mediator agreeable to all Parties.

2) If the Parties cannot agree on a mediator, they hereby agree to accept a mediator appointed by a recognized association such as the American Arbitration Association.

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D. Qualifications of a Mediator

1) Any mediator selected must have expertise in the area of the dispute and be knowledgeable in the mediation process.
2) No person shall serve as a mediator in any dispute in which that person has any financial or personal interest in the result of the mediation.

3) Before accepting an appointment, the prospective mediator must disclose any circumstances likely to create a presumption of bias or prevent a prompt meeting with the Parties. Upon receipt of such information, the Parties will confer and decide whether to select another mediator.

E. Vacancies

If any mediator becomes unwilling or unable to serve, another mediator will be selected unless the Parties agree otherwise.

F. Representation

1) Any Party may be represented by person(s) of their choice who must have full authority to negotiate.

2) The names and addresses of such person(s) must be communicated in writing to both Parties and to the mediator.

G. Time and Place of Mediation

1) The mediator will set the time of each mediation session.

2) The mediation will be held at a convenient location agreeable to the mediator and the Parties, as determined by the mediator.

3) All reasonable efforts will be made by the Parties and the mediator to schedule the first session within 60 days after selection of the mediator.

H. Identification of Matters in Dispute

1) Parties shall comply with the process as required by the mediator with regard to providing the mediator with a memorandum setting forth its position with regard to the issues that need to be resolved. At the discretion of the mediator, or otherwise agreed by the Parties, the Parties may mutually exchange such memoranda.

2) At the first session, the Parties will be expected to produce all information reasonably required for the Mediator to understand the issue(s) presented. The mediator may require each Party to supplement such information.

I. Authority of Mediator

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1) The mediator does not have authority to impose a settlement on the Parties but will attempt to assist the Parties in reaching a satisfactory resolution of their dispute.

2) The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement.

3) Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the dispute, provided the Parties agree and assume the expenses of obtaining such advice. Arrangements for obtaining such advice will be made by the mediator or the Parties, as determined by the mediator.

4) The mediator is authorized to end the mediation whenever, in the mediator's judgment, further efforts at mediation would not contribute to a resolution of the dispute between the Parties.

J. Privacy

1) Mediation sessions are private.

2) The Parties and their representatives may attend mediation sessions.

3) Other persons may attend only with the permission of the Parties and with the consent of the mediator.

K. Confidentiality

Except as provided by California or federal law or regulation:

1) The mediator will not divulge confidential information disclosed to a mediator by the Parties or by witnesses in the course of the mediation.

2) All records, reports, or other documents received by a mediator while serving as mediator, are confidential.

3) The mediator must not be compelled to divulge such records or to testify in regard to the mediation in any adversary proceeding or judicial forum.

4) The Parties must maintain the confidentiality of the mediation and must not rely on, or introduce as evidence in any arbitration, judicial or other proceedings:

a. Views expressed, or suggestions made by the other Party with respect to a possible settlement of the dispute;

b. Statements made by the other Party in the course of the mediation proceedings;

c. Proposals made or views expressed by the mediator; and

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d. Whether the other Party had or had not indicated willingness to accept a proposal for settlement made by the mediator.

L. No Stenographic Record

There shall be no stenographic record of the mediation.

M. Termination of Mediation

The mediation shall be terminated:

1) By the execution of a Settlement Agreement by the Parties;

2) By a written declaration of the mediator to the effect that further efforts at mediation are no longer worthwhile; or

3) By a written declaration of a Party or Parties to the effect that the mediation proceedings are terminated.

N. Exclusion of Liability

No mediator shall be a necessary Party in judicial proceedings related to the mediation.

O. Interpretation and Application of These Mediation Provisions

The mediator will interpret and apply these mediation provisions insofar as they relate to the mediator's duties and responsibility.

P. Expenses

1) The expenses of witnesses for each Party must be paid by the Party producing the witnesses.

2) All other expenses of the mediation, including required travel and other expenses of the mediator, and the expenses of any witness called by the mediator, or the cost of any proofs or expert advice produced at the direct request of the mediator, will be apportioned as the mediator finds appropriate or as otherwise agreed to by the Parties.

5. Compensation for Participation in Mediation

Neither Consultant nor Valley Water is entitled to compensation for time spent in or for negotiations or mediation to resolve questions or disputes between Consultant and Valley Water arising out of this Agreement.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX THREE
TASK ORDER TEMPLATE

Task Order No. _____

Title: _____

Agreement: Standard On-Call Consultant Agreement _____ (Agreement) by and between the Santa Clara Valley Water District (Valley Water) and _____ (Consultant), dated _____.

Valley Water: _____

Consultant: _____

Dollar Amount of Task Order: Not-to-Exceed $_____

1. Upon full execution of this Task Order No. _____, as set forth in the Standard On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders, and the issuance of a Notice to Proceed by the Valley Water Project Manager, Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by Consultant before this Task Order is executed or before the issuance of the Notice to Proceed will be considered outside the contracted Scope of Services and will not be eligible for payment.

2. Both the Scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:

   A. Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to Valley Water;

   B. The total not-to-exceed fees amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification;

   C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

   D. The distribution detail for each service, direct cost, and reimbursable expense. This information must be included in the invoice for the services authorized pursuant to this Task Order; and

   E. Project schedule for completing the Scope of Services.

3. Consultant shall be compensated at fixed fees or at the hourly rates established in Schedule OC, Attachment One, Fees and Payments. Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.

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4. This Task Order becomes effective on the date of full execution by authorized representatives of the Parties and remains in effect until the earlier of: completion of the tasks set forth in Attachment A or [expected completion date].

5. Copies of applicable local, state and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless Consultant previously provided the appropriate permits to Valley Water.

6. Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the Terms and Conditions of the Agreement.

7. Prevailing Wage Requirements [NOT USED]

   A. The Scope of Services described in this Task Order is considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages.

   B. In accordance with prevailing wage laws, the Director of the California Department of Industrial Relations (Director) has ascertained the general prevailing rate of wages and employer payments for health and welfare, pension, vacation, and similar purposes available to the particular craft, classification, or type of workers employed on the Project. These rates are set forth in the latest determination obtained from the Director, which is on file in Valley Water's Office of the Clerk of the Board of Directors and incorporated herein by reference the same as though set forth in full. The rates are also available on the State of California Department of Industrial Relations website at http://www.dir.ca.gov.

8. Signatures:

Signature: _____ _____

[NAME OF CONSULTANT FIRM] DATE
[PRINT NAME]
[PRINT TITLE]

Signature: _____ _____

SANTA CLARA VALLEY WATER DISTRICT DATE
[PRINT NAME]
[PRINT TITLE]

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Please Note: Failure to comply with the instructions below could result in a delay in receiving the Notice to Proceed. Santa Clara Valley District ("District" or "Valley Water"), will not be responsible for time lost or costs incurred due to failure to comply with these requirements. Please note the checklist of documents needed at the end of this document.

Without limiting the Consultant's indemnification of, or liability to, Valley Water, the Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions as listed below.

Consultant must provide its insurance broker(s)/agent(s) with a copy of these requirements and warrants that these requirements have been reviewed by Consultant's insurance agent(s) and/or broker(s), who have been instructed by Consultant to procure the insurance coverage required herein.

In addition to certificates, Consultant must furnish Valley Water with copies of all original endorsements affecting coverage required by this document. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All endorsements and certificates are to be received and approved by Valley Water before the Agreement is executed**. In the event of a claim or dispute, Valley Water has the right to require Consultant's insurer to provide complete, certified copies of all required pertinent insurance policies, including endorsements affecting the coverage required by this document.

If your insurance broker has any questions about the above requirements, please advise him/her to email Valley Water Risk Manager at RiskManager@valleywater.org.

Certificates of Insurance

The consultant shall furnish Valley Water with a Certificate of Insurance. The certificates will be issued on a standard ACORD Form.

Consultant shall instruct their insurance broker/agent to submit all insurance certificates and required notices electronically in PDF format to the designated Valley Water Contract Administrator and email a copy to **certificatesupport@evidentid.com**.

The certificates will:

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1. Identify the underwriters, the types of insurance, the insurance limits, the deductibles and the policy term.
2. Include copies of all the actual policy endorsements required herein; and
3. In the "Certificate Holder" box include:

   Santa Clara Valley Water District
   5750 Almaden Expressway
   San Jose, CA 95118
   Agreement No. XXXXX
   PlanetBid No. VW0594

IMPORTANT: The Agreement number and/or PlanetBid number must be included.

In the Description of Operations/Locations/Vehicles/Special Items Box:

1. Certificate Holder shall be named as Additional Insured, and any other policy endorsement required in the contract, for example, Waiver of Subrogation and Primary and Non-Contributory shall be stated.
2. Valley Water agreement or project number shall appear.
3. The list of policies scheduled as underlying on the Umbrella policy shall be listed.

If Consultant receives any notice that any of the insurance policies required by this document may be cancelled or coverage reduced for any reason whatsoever, Consultant or insurer shall immediately provide written notice to the designated Valley Water Contract Administrator that such insurance policy required is canceled or coverage is reduced.

Maintenance of Insurance

If Consultant fails to maintain such insurance as is called for herein, Valley Water, at its option, may suspend payment for work performed and/or may order Consultant to suspend all Consultant's work at Consultant's expense until a new policy of insurance is in effect.

Renewal of Insurance

Consultant will provide Valley Water with a current Certificate of Insurance and endorsements thirty (30) business days prior to the expiration of insurance.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Consultant shall instruct its insurance broker/agent to:

1. Submit all renewals of insurance certificates and required notices electronically in PDF format to:

2. Provide the following information in the "Certificate Holder" box:

   Santa Clara Valley Water District
   5750 Almaden Expressway
   San Jose, CA 95118
   Agreement No. XXXXX
   PlanetBid No. VW0594

   IMPORTANT: The Agreement number and/or PlanetBid number must be included.

Consultant must, at its sole cost and expense, procure and maintain during the entire period of this Agreement, or for such other time as required herein, the following minimum insurance coverage(s).

Required Coverages

1. **Commercial General/Business Liability Insurance** which shall be written on an occurrence basis with coverage as indicated below:

   $2,000,000 per occurrence / **$2,000,000** aggregate limits for bodily injury, personal and advertising injury, and property damage.

   General Liability insurance must include without limitation:

   a. Be written on standard ISO forms or inspected and approved by the Risk Manager.
   b. Include coverage at least as broad as found in standard ISO form CG 00 01.
   c. Contractual Liability expressly including liability assumed under this contract.
   d. Severability of Interest provision.
   e. Products-Completed Operations coverage.
   f. Broad Form Property Damage liability

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g. Include Premise and Operations
h. An endorsement covering damage to property in the care, custody, or control of the Consultant.

2. **Business Auto Liability Insurance** with coverage as indicated:

$1,000,000 combined single limit for bodily injury and property damage per occurrence, covering all owned, non-owned and hired vehicles.

3. **Professional/Errors and Omissions Liability** with coverage shall include without limitation:

$1,000,000 per claim/ **$2,000,000** aggregate.
If the policy has a self-insured retention (SIR), it shall not exceed one hundred thousand dollars ($100,000), unless expressly approved by Valley Water.

Professional/Errors and Omission Liability appropriate to the Consultant's profession, and the policy shall include:

a. Covers claims related to errors, omissions, or negligence in the delivery of professional services.
b. Includes defense costs, settlements and judgements arising from covered claims.
c. Coverage may be written on a claims-made form. If coverage is on a claims-made basis, the coverage must be maintained for at least 5 years after all Services under this Agreement are complete.
d. To the fullest extent permitted by law, contractual liability coverage for liability assumed under contract, for the indemnity obligations forth in this Agreement.
e. The policy must have a retroactive date which is the same as or predates the execution of this Agreement.

4. **Workers' Compensation and Employer's Liability Insurance**

Statutory California Workers' Compensation coverage covering all work to be performed for Valley Water.

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Employer Liability coverage for not less than $1,000,000 each accident; $1,000,000 policy limit bodily injury by disease; $1,000,000 each employee bodily injury by disease.

5. Cyber Liability

$1,000,000 per claim/ **$2,000,000** aggregate.

a. Liability arising from the unauthorized access to, disclosure, acquisition, loss, dissemination and/or use of Confidential Information. For purposes of this section, "Confidential Information" shall include but not limited to, personally identifiable information (PII), protected health information (PHI), financial accountant information, security codes, access codes, passwords, security codes or personal identification numbers (PINS), and any other information protected by the Agreement or applicable privacy laws;
b. Costs arising from mandatory or contractual notifications related to unauthorized access, disclosure, acquisition, loss, or use of confidential information and related mitigation costs, including but not limited to, credit monitoring, identity theft protection services, call center support, forensic investigation, legal fees, and regulatory fines or penalties imposed under the California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), or other applicable privacy and data protection laws;
c. Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks and ransomware coverage.
d. Liability arising from the introduction of a computer virus into or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network, or similarly related property and the data, software and programs thereon.
e. Certificate of Insurance shall clearly state that the coverage is claims-made.
f. Policy retroactive date must coincide with or precede the Consultant's start of work (including subsequent policies purchased as renewals or replacements).
g. Policy must allow for reporting of circumstances or incidents that might give rise to future claims.
h. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.

General Requirements

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With respect to all coverages noted above, the following additional requirements apply:

1. **Additional Insured Endorsement(s):** Consultant must provide an additional insured endorsement for Commercial General/Business Liability (for both on-going and completed operations) Pollution Liability, and Business Automobile liability coverage naming **Valley Water, its Directors, officers, employees, and agents, individually and collectively,** as additional insureds, and must provide coverage for acts, omissions, and negligence arising out of the named insureds' activities and work. Other public entities may also be added to the additional insured endorsement as applicable, and the Consultant will be notified of such requirement(s) by Valley Water. This section does not apply to the Workers' Compensation, Cyber Liability, and Professional Liability policies.

   (**NOTE:** Additional insurance on the Certificate of Insurance is **NOT** acceptable without separate endorsement such as Form CG 20 10, CG 2033, CG 2037, CG 2038, and applicable endorsements for Waivers of Subrogation (CG 24 04) and Primary & Non-contributory (CG 20 01). Editions dated 07/04 are not acceptable.)

2. **Primacy Clause:** Except for Workers' Compensation and Professional Liability, Consultant will provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that consultant's insurance is primary with respect to any other insurance which may be carried by Valley Water, its Directors, its officers, agents and employees, and Valley Water's coverage must not be called upon to contribute or share in the loss. **NOTE:** This section does not apply to the Workers' Compensation or Professional Liability policies.

3. **Cancellation Clause**: Consultant or its insurer shall provide at least thirty (30) days prior written notice to Valley Water of cancellation of any insurance required under this Agreement.

4. **Acceptability of Insurers:** All coverages must be issued by companies admitted to conduct business in the State of California, which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by Valley Water's Risk Manager. Non-Admitted companies may be substituted on a very limited basis at the Risk Manager's sole discretion.

5. **Self-Insured Retentions or Deductibles:** Any deductibles or self-insured retentions must be declared to and approved by Valley Water. At the option of Valley Water, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Valley Water, its officers, officials, employees and volunteers; or the Consultant shall provide evidence satisfactory to Valley Water of its financial ability to satisfy the SIR. Consultant agrees that in the event of a claim they will pay down any agreed upon SIR in

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a prompt manner as soon as bills are incurred in order to trigger the insurance related to the SIR.

6. **Subconsultants:** The Consultant shall secure, maintain or shall be responsible for ensuring that all subconsultants performing the Contract Services secure and maintain all insurance coverages appropriate to their tier and scope of work in a form and from insurance companies reasonably acceptable to Valley Water.

7. **Amount of Liability not Limited to Amount of Insurance:** The insurance procured by Consultant for the benefit of Valley Water must not be deemed to release or limit any liability of Consultant. Damages recoverable by Valley Water for any liability of Consultant must, in any event, not be limited by the amount of the required insurance coverage.

8. **Coverage to be Occurrence Based: Except** for Professional Liability and Pollution Liability, all coverage must be occurrence-based coverage. Claims-made coverage is not allowed.

9. **Waiver of Subrogation:** Consultant agrees to waive subrogation against Valley Water to the extent any loss suffered by Consultant is covered by any Commercial General Liability policy, Automobile policy, Workers' Compensation, and Pollution Liability policy described in **Required Coverages** above. Consultant agrees to advise its broker/agent/insurer and agrees to provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that subrogation has been waived by its insurer.

10. **Severability of Interest**. Except for Workers' Compensation and Professional Liability, a severability of interest must apply to all the additional insureds, ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability.

11. **Non-compliance:** Valley Water reserves the right to withhold payments to the Consultant in the event of material noncompliance with the insurance requirements outlined above.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

LIST OF DOCUMENTS NEEDED

General Liability:	A.	Limits **($2,000,000/$2,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	

Auto Liability:	A.	Limits **($1,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Umbrella:	A.	Limits ($ enter amount $)	
	B.	Primacy (Endorsement or policy language)	

Workers Comp:	A.	Limits **(Statutory)** Employers' Liability **($1,000,000)**	
	B.	Waiver of Subrogation (Endorsement or policy language)	
	C.	Cancellation Endorsement	
Professional Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

Cyber Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

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SCHEDULE OC
ON-CALL SCOPE OF SERVICES

1. Representatives

A. Valley Water's representatives are as listed below. Unless otherwise provided in this Agreement, all correspondence to Valley Water shall be addressed to Valley Water Project Manager (VWPM).

Michael Martin (VWPM)
Senior Water Resources Specialist
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3095
Email: michaelmartin@valleywater.org

Kurt Lueneburger
Environmental Services Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3055
Email: klueneburger@valleywater.org

John Bourgeois
Deputy Operating Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.2290
Email: jbourbeois@valleywater.org

B. Consultant's Project Manager is as listed below. All Valley Water questions pertaining to this Agreement shall be referred to the Consultant's Project Manager.

Angie Alexander
Director
Panorama Environmental, Inc.

Phone: 415.269.2855
Email: angie.alexander@panoramaenv.com

C. Consultant's Principal Officer for this Agreement is as listed below. As per the Agreement, Section Twelve, Miscellaneous Provisions, subsection 21. Notices, all

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notices pertaining to this Agreement must be submitted to the Consultant's Principal Officer.

Tania Treis
Principal
Panorama Environmental, Inc.
717 Market Street, Suite 400

Phone: 650.340.4829
Email: Tania.Treis@panoramaenv.com

2. Scope of Services

A. The Consultant will perform environmental planning and permitting services for Valley Water projects and programs to provide environmental compliance with the California Environmental Quality Act (CEQA) and other state and federal environmental regulations. Consultant's services will be requested on an "as-requested" or "as-needed basis" to assist Valley Water in accomplishing capital, maintenance, replacement, mitigation, and stewardship projects in a timely manner. Valley Water may request services from the Consultant at any time during the term of this Agreement and by staff at different levels of experience and expertise.

B. The scope of On-Call services may include tasks as described below:

1. Project Management
2. Development of goals and objectives, and Project Descriptions
3. Conducting environmental investigations, surveys and studies for environmental factors required by CEQA or NEPA.
4. Providing CEQA and/or NEPA analysis and documentation for Valley Water capital projects and operational programs.
5. Provide assistance with regulatory compliance processes.
6. Development of mitigation plans.

C. Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are attached hereto as Exhibit A, Federal Requirements to Appendix One, Additional Legal Terms, and incorporated into

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the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

3. Agreement Objectives

Valley Water implements capital projects and operational programs to meet its mission in water supply, flood protection, and watershed stewardship. The on-call services provided pursuant to this Agreement will augment the services of Valley Water staff and provide specific environmental planning and permitting expertise as needed.

All services required pursuant to this Agreement will be provided only on an as-needed/as-requested basis by the issuance of a Task Order by Valley Water to the Consultant. A specific scope will be developed for each task order which will define the deliverables for a total not-to-exceed amount. No work is authorized without a task order. The Consultant will perform services on a Task Order basis as authorized by the VWPM, as set forth in the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

4. Background

The mission of Valley Water is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

Valley Water is a public agency providing water supply, flood protection, groundwater management, and stream stewardship by managing an integrated water resources system on behalf of Santa Clara County's 2 million residents. Valley Water manages ten dams and surface water reservoirs, three water treatment plants, a state-of-the-art water quality laboratory, and more than 275 miles of streams. For information about Valley Water, visit www.valleywater.org.

5. Intent

A. Valley Water intends to retain up to five consultants to perform on-call environmental planning and permitting services for a four-year term with the option of a one (1) year extension, if it is in the best interest of Valley Water. Task orders will be issued on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to the selected firms. One or more of the selected firms will start up to one year later to provide flexibility and coverage at the end of the agreement term.
B. The deliverables, number of staff hours and proposed staff for each Task Order will depend on the nature and scope of services requested by Valley Water. The not-to-exceed fees of each Task Order will be negotiated with the services provided.
C. Consultant may be awarded multiple Task Orders pursuant to this agreement, for the same Valley Water Project.

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D. The Consultant will not be eligible to bid on future design services or construction projects for which they provided services if it creates a conflict of interest as discussed below.
E. Conflict of Interest. In addition to Valley Water's General Terms and Conditions, the following will apply with regard to conflict of interest:
   1) Consultant is precluded from performing services for any other entity, or in any other capacity for Valley Water, on the same Valley Water project, for which a Task Order has been issued.
   2) Task Orders will be voided when the Consultant cannot perform the Services due to a conflict of interest.
   3) Consultant must bring any conflict of interest to Valley Water's attention as soon as the Consultant is aware of the potential conflict.
   4) If Consultant is already performing services on a Valley Water project, unrelated to this Agreement, in any capacity, a Task Order related to that project will not be issued pursuant to this Agreement.

6. Assumptions and Requirements

A. General Assumptions and Requirements

1) **Manage Scope of Services**. Consultant shall manage the Scope of Services such that the work is completed within the Not-to-Exceed Fees limit and schedule for each Task Order and ensure that all services and deliverables meet Valley Water and Project requirements.

2) **Deliverable Format**. Consultant shall submit deliverables in both electronic and hardcopy format, if requested. Deliverables shall be submitted in PDF and native (editable) format, including Word documents, Excel spreadsheets, PowerPoint files, Autodesk files, etc. Valley Water may require original copies of signed documents and/or scanned (Adobe PDF) versions.
   a. Valley Water Standardization Requirements
      (1) Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed for each Task Order pursuant to this Agreement.

      (2) Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing

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linkages (for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by the Consultant.

(3) Spatial data shall be provided as requested consistent with Valley Water Standards for GIS Products dated April 2021, or as subsequently amended.

3) **Review of Deliverables**. Valley Water will review and comment on all Project deliverables and forward to the Consultant for revision and preparation of final versions. As determined by Valley Water, some of the deliverables may also be subject to review and comment from regulatory agencies and stakeholders following Valley Water review process.

4) **Valley Water Quality Environmental Management System**. Valley Water maintains a Quality Environmental Management System (QEMS) which has procedures, guidelines, and work instructions for the performance of various Valley Water work. If requested, Consultant will perform the applicable Agreement tasks and/or subtasks in accordance with the QEMS framework. In such situations, the VWPM will provide the Consultant with the specific QEMS procedure, guidelines, and/or work instruction prior to the production of deliverables.

5) **Consultant Responsibility**. Consultant, with its expertise in performing the Services described herein, is responsible for making the appropriate assumptions in each task to complete deliverables and to achieve the objectives of this Agreement and for each Task Order.

6) **Document Control.** Consultant is responsible for establishing and maintaining its own document control system to execute this Scope of Services. An internal document control system is maintained by Valley Water.

7) **File Exchange Service.** Consultant will provide a file exchange service, accessible to all parties as designated by Valley Water, to facilitate communications; particularly of large files (over 3 megabytes). Any difficulties using and transmitting information with this exchange service shall be resolved by the Consultant. In the event that transmitting or receiving information does not occur in a timely manner, Valley Water will not be responsible for delays in completing Project work. Consultant may need to coordinate with Valley Water's Information Technology Division to address any firewall issues and/or permissions required to allow for these communications.

8) **Quality Assurance / Quality Control (QA/QC) Program.**

a. Consultant will develop and implement ongoing, proven QA/QC procedures. Consultant will implement a formal Quality Management Program to ensure that Valley Water receives quality-controlled deliverables. The Program will include

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quality control checks of calculations and work products, as well as quality assurance reviews and documentation of the quality control process. Consultant's QA/QC procedures will include a review of all deliverables using appropriately qualified technical resources and advisors.

b. The QA/QC procedures must include details and methodology for reviewing documents, including technical memos, and cost estimates. Reviews will be assigned, and sign-off procedures will be documented.

c. Consultant must maintain records that demonstrate that quality reviews were performed on Consultant and Subconsultant deliverables.

7. Scope of Services Tasks Orders

The Valley Water Project Manager will identify and communicate the applicable objectives, tasks, and services for each Task Order to the Consultant which may be based on tasks listed below. With an understanding of the tasks and services required, the Consultant will prepare a draft Task Order proposal in accordance with the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

Project Management

The Consultant shall manage the overall Scope of Services, and services identified for individual Task Orders, such that the work is completed within the not-to-exceed fees limit and in accordance with the Project Schedule stated in each Task Order, while ensuring that all services and deliverables by the Consultant meet Valley Water requirements. The Consultant will identify the project control activities, regular check-in meetings, schedule, QA/QC procedures, and other management and coordination necessary to successfully complete the Task Order. Assumptions and deliverables will be established for each Task Order.

Development of Project Description

Consultant may develop the formal project description of capital projects or operational programs. This work may include:

- Development of problem definitions, goals and objectives
- Analysis of existing data and information or otherwise compiling data and information relevant to the project
- Preparation of base maps and other figures
- Screening alternatives

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Environmental Investigations, Survey, and Studies

Consultant may conduct environmental studies in support of CEQA/NEPA analysis and/or permitting for capital projects or operational programs. Examples of studies that may be requested include (but is not limited to):

- Research and documentation of the regulatory setting.
- Biological Resources – surveys for sensitive species, wetland delineations.
- Noise - noise monitoring, modeling noise impacts from construction equipment and operations.
- Traffic - establishing baseline conditions, modeling trip generation.
- Visual - developing visual simulations or evaluating visual impacts.
- Air Quality – establishing baseline condition, modeling construction related emissions, greenhouse gas emissions, evaluating health risks from emissions.
- Hydrology/Hydraulics - creek flow, flood risk, sediment transport, stormwater.
- Cultural / Tribal Resources – conducting records searches, conducting pedestrian surveys, evaluating historic resources, coordinating monitoring, and preparing cultural resource reports and DPR Forms 523.
- Wildfire – conducting hazard risk assessments.
- Hazards / Hazardous Materials – Records searches and conducting site assessments.
- Socioeconomic factors

Environmental Evaluation

Consultant may prepare environmental analyses in support of capital projects or operational programs. This work may include:

- Providing expert review and technical advice to address special environmental planning needs.
- Preparation of documents required by the California Environmental Quality Act (CEQA) such as Initial Studies, Mitigated Negative Declarations, Environmental Impact Reports, and supplemental and subsequent documents.
- Development of documents under the National Environmental Policy Act (NEPA).
- Support of public outreach under CEQA such as scoping meetings and public hearings.
- Preparation of response to public comments.
- Preparation of findings required under CEQA.
- Preparation and maintenance of the administrative record

Regulatory Permitting Assistance

Consultant may support natural resource agency regulatory permitting and consultation activities for capital projects or operational programs with the United States Army Corp

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of Engineers (USACE); United States Fish and Wildlife Service (USFWS); National Marine Fisheries Service (NMFS); Valley Habitat Agency (VHA); California Department of Fish and Wildlife (CDFW); State Office of Historic Preservation (SHPO); Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Boards (RWQCB) and the State Water Resources Control Board (SWRCB). Requested work may include (but is not limited to):

- Preparation of draft and final permit applications and materials, including supporting technical documentation.
- Provide support to Valley Water during permit negotiations. This support may take the form of providing expert review and strategizing with Valley Water, preparing handouts and/or displays, attending meetings to answer questions and/or give short presentations.
- Cultural and Historic Resources permitting and consultation. Under direction of Valley Water, the consultant will develop applicable technical materials for compliance with Section 106 of the National Historic Preservation Officer (SHPO) as applicable.
- Provide documentation associated with Valley Habitat Plan (VHP) compliance requirements including but not limited to ground cover verification, completion of draft and final VHP reporting forms, calculations of applicable fees.

Mitigation Plans

The Consultant may develop mitigation plans, monitoring plans, or similar for projects and programs to meet mitigation and permit requirements.

8. Attachments

The following Standard Consultant Agreement listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

1. Total Authorized Funding

Total payment for Services performed, to the satisfaction of Valley Water, as described in the Schedule(s) will not exceed a total amount of **$3,000,000** Not-to-Exceed Fees or NTE. Under no conditions will the total compensation to the Consultant exceed NTE payment amount without prior written approval in the form of an amendment to this Agreement executed by Valley Water's Board of Directors (Board), or Chief Executive Officer, or designee, as authorized by the Board. The NTE also represents an Aggregate Fee amount that shall apply to each On-Call Agreement awarded for on-call environmental planning and permitting services. There is no guarantee of any particular amount of compensation to Consultant under this Agreement.

2. Terms and Conditions

A. Payments for services performed which applies to the specific Services, will be based on the following terms:

1) Valley Water will pay for Services provided by the Consultant according to the schedule of rates for professional, technical, and administrative personnel as well as materials and supplies as listed below in the Hourly/Unit Rate Schedule.

2) The stated hourly rates are effective for the term of this Agreement unless otherwise revised as indicated. After 12 months from the date this Agreement is entered into by parties ("anniversary date"), and each 12 months thereafter, these hourly rates may be negotiated by the Consultant and Valley Water, provided Consultant submits written notice to Valley Water of Consultant's request to revise the hourly rates 90 calendar days prior to the anniversary date of this Agreement. Both parties will use as a benchmark for negotiations the percent change for the previous 12 months of the "Employment Cost Index (ECI), for total compensation for private industry workers, for the San Francisco-Oakland-San Jose, CA CSA Census region and metropolitan area (not seasonally adjusted)" as published by the U.S. Department of Labor, Bureau of Labor Statistics, or 2%, whichever is less. A negative index will result in rates remaining the same. Such rate revisions are subject to written approval by Valley Water's Deputy Operating Officer.

B. **Reimbursable Expenses**

1) All reimbursable expenses not already covered in overhead may include, but are not limited to, mapping, rendering, printouts, leased equipment, mailing and delivery services, printing services, film and processing, plotting, and supplies. These other direct expenses as approved by Valley Water Project Manager (VWPM) will be billed on a monthly basis at actual cost plus 5% linked to each Agreement Task, provided that the Task total NTE amount is not exceeded. Consultant shall provide detailed receipts for each other direct expense item(s) with monthly invoices submitted. No

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markup will be applied to reimbursable expenses, either by the Consultant or by its subconsultants, subcontractors, or vendors. Consultant shall provide invoices for all such services regardless of cost.

2) Equipment purchased on behalf of Valley Water that costs $50 or more must receive the prior written approval of Valley Water Project Manager (VWPM). All equipment purchased on behalf of Valley Water and paid for by Valley Water shall become the property of Valley Water and be delivered to Valley Water prior to expiration of this Agreement.

3) Travel expenses are reimbursed at actual costs. Travel and overnight accommodations, including per diem, required for performance of this Agreement will be paid at reasonable cost not to exceed the U.S. General Services Agency Per Diem Rates for Sunnyvale/Palo Alto/San Jose, California area, provided prior approval has been obtained from Valley Water Project Manager (VWPM). For air travel, Valley Water will pay the cost of a coach class or equivalent ticket. Where air travel is required, Valley Water will pay the total cost of taxi, rideshare, public transportation, or a rental car, which may include insurance, gas, car fee, and taxes and will be paid at the actual costs incurred. Vehicle rental is limited to a compact or economy model, unless prior approval has been obtained from Valley Water Project Manager (VWPM) for a different type of vehicle.

4) Expenses incurred by the Consultant, including for Subconsultants, subcontractors and vendors, including lab services, will be reimbursed at actual cost plus 5%. Consultant shall provide invoices for all such services regardless of cost. The 5% markup will be applied only once, either by the Consultant or by its subconsultants, subcontractors, or vendors.

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

HOURLY/UNIT RATE TABLE

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Consultant: Panorama Environmental, Inc.	
Principal	$286.56
Director	$271.86
Senior Manager	$229.25
Senior Project Manager	$213.08
Senior Planner/Project Manager	$176.34
Sr Biologist	$174.87
Env Planner III	$168.97
Env Planner II	$157.24
Staff Biologist	$152.83
Env Planner I	$136.66
Senior Archaeologist	$168.12
Senior GIS Manager	$191.04
GIS Manager	$176.34
GIS Specialist	$106.98
Project Control Specialist	$161.64
Administrative Manager	$118.29
Environmental Analyst	$107.26
Technical Editor	$152.83
Formatting Specialist	$146.69
Subconsultant(s): Far Western	
Senior Principal	$200.19
Associate Principal	$186.50
Junior Principal	$182.97
Senior Principal Investigator	$150.98
Associate Principal Investigator	$136.32
Junior Principal Investigator	$122.14
PI/Geoarchaeologist	$157.38
Principal Paleontologist	$152.26

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
GIS Program Manager	$198.65
GIS Senior Analyst	$102.90
GIS Associate Analyst	$93.48
GIS Junior Analyst	$78.05
GIS Technician	$71.65
Senior Lab Director	$129.23
Associate Lab Director	$106.45
Junior Lab Director	$103.87
Principal Archaeobotanist	$145.66
Senior Lab Scientist	$101.72
Lab Staff Archaeologist	$78.05
Senior Art Director	$135.19
Associate Art Director	$95.96
Production Director	$111.32
Senior Production Specialist	$89.39
Associate Production Specialist	$81.25
Junior Production Specialist	$68.45
Data Analyst	$75.64
Senior Lead Archaeologist	$122.24
Associate Lead Archaeologist	$99.95
Junior Lead Archaeologist	$92.48
Senior Staff Archaeologist	$88.29
Associate Staff Archaeologist	$83.17
Junior Staff Archaeologist	$79.58
Asst. Project Manager	$88.62
Asst. Monitoring Coordinator	$83.99
Project and Proposal Director	$129.87
Operations Supervisor	$96.09
Senior Logistics Coordinator	$89.13
Associate Logistics Coordinator	$83.81
Junior Logistics Coordinator	$80.61
Safety Coordinator	$102.08

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Administrative Assistant	$63.67
Senior Arch Field Technician	$45.35
Associate Arch Field Technician	$39.38
Junior Arch Field Technician	$32.62
Senior Paleo Field Technician	$50.52
Associate Paleo Field Technician	$42.38
Junior Paleo Field Technician	$34.21
Subconsultant(s): Fehr & Peers	
Principal	$387.60
Senior Associate	$264.75
Associate	$241.35
Senior Engineer / Planner	$182.85
Engineer / Planner	$152.85
Senior Engineering Technician	$152.12
Project Admin/Project Coordinator	$127.26
Technician	$150.66
Intern	$100.40
Subconsultant(s): Triple HS, Inc. dba H.T. Harvey & Associates	
Principal	$339.14
Senior Associate Ecologist	$223.27
Associate Ecologist	$205.43
Senior Ecologist 2	$188.91
Senior Ecologist 1	$173.61
Ecologist 2	$158.75
Ecologist 1	$144.34
Field Biologist 2	$131.55
Field Biologist 1	$119.65
Senior GIS Analyst	$190.18
GIS Analyst	$145.68
GIS Technician	$119.65
Senior Technical Support	$167.36

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Technical Support	$112.59
Clerical	$73.10
Subconsultant(s): JRP Historical	
Principal Architectural Historian - Meta Bunse	$219.36
Principal Architectural Historian - Christopher McMorris	$213.95
Principal Architectural Historian - Bryan Larson	$202.13
Senior Historian / Architectural Historian II	$134.31
Senior Historian/Architectural Historian I	$133.49
Historian/Architectural Historian III	$103.43
Historian/Architectural Historian II	$97.93
Contracts Manager	$98.87
Graphics / GIS Technician	$91.17
Historian / Architectural Historian I	$80.31
Assistant Contracts Manager	$78.58
Research Assistant III	$72.28
Research Assistant II	$60.14
Research Assistant I	$57.44
Subconsultant(s): Lotus Water	
Principal Engineer	$284.81
Subconsultant(s): Northgate Environmental Management	
Associate Geologist	$269.09
Associate Environmental Planner	$194.13
Senior Scientist	$199.77
Project Assistant	$107.87
GIS	$204.42
Prevailing Wage Field Rate*	$282.74
Subconsultant(s): RCH Group	
Principal / Senior Scientist	$173.30
Senior Air Quality Scientist	$164.21
Senior Associate	$136.46

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Technical Associate II	$105.20
Technical Associate I	$67.61
Subconsultant(s): Wildland Resource Management	
Senior Wildland Fire Manager	$250.16

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SCHEDULE EP
ATTACHMENT TWO
SCHEDULE OF COMPLETION

1. This Agreement commences on the Effective Date, subject to accomplishment of all conditions to formation of an agreement listed in the Standard Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 2. Formation of Agreement.

2. This Agreement expires 4 years after the Effective Date, unless Valley Water, at its sole discretion, extends the term of the Agreement by exercising its one (1) one-year option period. An extension of the term of this Agreements must be in the form of a written amendment and signed by both Parties.

3. Each Task Order will state the schedule for Consultant's performance of that Task Order.

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

1. Consultant's key staff assigned to the Project are as follows:

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Tania Treis	Principal	Contract Manager	717 Market Street, Ste 400 San Francisco, CA 94103 650.340.4829 Tania.Treis@panoramaenv.com
Susanne Heim	Principal	Contract Manager	717 Market Street, Ste 400 San Francisco, CA 94103 858.349.8883 Susanne.Heim@panoramaenv.com
Angie Alexander	Director	Consultant's Project Manager	717 Market Street, Ste 400 San Francisco, CA 94103 415.269.2855 Angie.Alexander@panoramaenv.com
Keri Hill	Senior Project Manager	Project Manager	717 Market Street, Ste 400 San Francisco, CA 94103 650.373.1200 Keri.Hill@panoramaenv.com
Rita Wilke	Senior Manager	Project Manager	717 Market Street, Ste 400 San Francisco, CA 94103 650.373.1200 Rita.Wilke@panoramaenv.com
Caitlin Gilleran	Senior Manager	Project Manager	717 Market Street, Ste 400 San Francisco, CA 94103 650.373.1200 Caitlin.Gilleran@panoramaenv.com
Jesse Reebs	Senior Project Manager	Senior Biologist and Project Manager	717 Market Street, Ste 400 San Francisco, CA 94103 650.373.1200 Jesse.Reebs@panoramaenv.com

2. The following Subconsultants and Subcontractors are authorized to perform Services pursuant to this Agreement:

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Firm	Project Role	Contact Information (Address, Phone and Email)
HT Harvey & Associates	Biological Resources	720 University Ave, Ste 200 Los Gatos, CA 95032 408.458.3200 srottenborn@harveyecology.com
RCH	Noise and Air	6521 Chesbro Circle Rancho Murieta, CA 95683 916.782.4427 mratte@therchgroup.com
Far Western	Cultural Resources Management	200 Gate 5 Road, Suite 102 Sausalito, CA 94965 415.413.1450 melinda@farwestern.com
JRP	Historical	2850 Spafford Street Davis CA 95618 530.757.2521 CMcMorris@jrphistorical.com
Fehr and Peers	Land Use and Transportation	345 California Street Ste 450 San Francisco, CA 94104 415.348.0300 m.haynes@fehrandpeers.com
Lotus	Hydrology and Hydraulic Modeling	660 Mission Street, 2nd Floor San Francisco, CA, 94105 415.800.6805 ezickler@lotuswater.com
Northgate	Hazards	428 13th Street, 4th Floor Oakland, CA 94612 510.839.0688 darragh.donnelly@ngem.com
Wildlife Resource Management	Wildfire	carollricewildlandresilience@gmail.com

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SCHEDULE OC
ATTACHMENT FOUR
REFERENCE MATERIALS

Ref No.	Description
1	Santa Clara Valley Water District Non-Disclosure Agreement (NDA) (FC 1650)
2	Santa Clara Valley Water District (Valley Water) Standards for GIS Products April 2021 version: http://gis.valleywater.org/Download/GIS_PRODUCT_STANDARDS.pdf

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This agreement (Agreement) is effective once fully executed (Effective Date), by and between SANTA CLARA VALLEY WATER DISTRICT (Valley Water or District), and RINCON CONSULTANTS, INC., a California corporation (Consultant), individually the Party or collectively the Parties.

WHEREAS, Valley Water desires certain services hereinafter described and Consultant affirms it has the requisite experience and expertise, and desires to provide such services.

NOW, THEREFORE, Valley Water and Consultant, for the consideration and upon the Terms and Conditions specified, agree as follows:

SECTION ONE
SCOPE OF SERVICES

The Scope of Services (Services) to be performed pursuant to this Agreement is described in the Schedule, Scope of Services, attached hereto and incorporated herein by this reference (Schedule). Valley Water may require Consultant to provide all or a portion of these services (Services) through subsequently executed task orders (Task Orders). Task Orders will be in the form of the template described in Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders and in the Standard On-Call Consultant Agreement, Appendix Three, Task Order Template. These Services will be provided on an on-call basis (On-Call).

SECTION TWO

DUTIES OF CONSULTANT

1. Performance

A. Each Scope of Service described in an attached Schedule must be performed by Consultant, or at its direction, to meet the purposes specified in this Agreement. References to “Consultant” herein include those performing any portion of the Services at its direction such as Subconsultants, vendors, suppliers, subcontractors, and other business entities and individuals. Consultant will collaborate with Valley Water staff in engineering, asset management, operations, and maintenance units to be made aware of Valley Water operational constraints, procedures, or preferences relevant to Consultant’s performance of the Services described in the attached Schedule.

B. Unless the requirements for the Services described in the attached Schedule are specifically modified in writing, Consultant must perform Services and provide all deliverables as required.

C. Consultant shall not undertake any Services not described in the attached Schedule unless authorized in writing by Valley Water prior to the performance of such Services by issuance of a Task Order or pursuant to an amendment to this Agreement signed by both Parties.

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2. Consultant Controlled Areas

Consultant is responsible for the security and safety of the area(s) it controls wherein it is required to perform field operations pursuant to the Scope of Services.

3. Licensing

Services performed by Consultant will be undertaken only by persons appropriately licensed, certified, or registered in California, as applicable to the Services described herein, when required by statutes or regulations, as well as pursuant to the relevant standard of care as described in Section Two, Duties of Consultant, subsection 11. Standard of Care. Examples of such Services include those performed by: California State Licensed Contractors, Professional Engineers and Architects, Inspectors, and Surveyors. Consultant shall make available upon Valley Water's request documentation of qualifications and licensing of personnel performing Services described herein. Consultant must be registered with the California Department of Labor Standards Enforcement if the Services or a portion thereof is determined to be "Public Works" pursuant to California Labor Code §1720(a)(1).

4. Valley Water's Approval of Deliverables

Deliverables prepared by Consultant, notwithstanding acceptance and approval by Valley Water, which Valley Water determines must subsequently be modified due to errors or omissions, will be corrected at no additional cost to Valley Water.

5. Errors and Omissions

The Services may include preparation of deliverables by Consultant to be implemented in a public works construction project. Consultant is responsible for any direct or actual damages incurred by Valley Water which Valley Water determines result from Consultant's errors or omissions in Consultant's deliverables, including, but not limited to, any increase in the Valley Water's payment(s) due to its construction contractor, which increase is directly attributable to required revisions to the construction Contract Documents to the extent caused by Consultant's negligent acts, errors, or omissions.

6. Valley Water Standardization Requirements

A. Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed pursuant to this Agreement.

B. Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning, labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages

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(for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by Consultant.

7. Consultant's Key Staff and Subconsultants

A. Consultant's Key Staff and firms subcontracted by Consultant (Subconsultants) assigned to perform the Services are identified in the Schedule(s), Scope of Services, Attachment Three, Consultant's Key Staff and Subconsultants.

B. The Project team organization chart and delegated responsibilities of each team member will be submitted to Valley Water for concurrence.

C. Consultant may utilize Subconsultants, subcontractors, suppliers, or vendors it deems appropriate to the complexity and nature of the required Services.

1) Consultant must obtain Valley Water's approval of all Subconsultants. Upon Valley Water's request, Consultant must provide copies of all Subconsultant agreements.

2) Consultant must require its delegates or Subconsultants to agree, in writing, to adhere to Terms and Conditions of this Agreement.

D. Any delegation or use of Subconsultants by Consultant will not operate to relieve Consultant of its responsibilities as described in this Agreement.

E. If any of Consultant's designated key staff persons or Subconsultants fail to perform to the satisfaction of Valley Water, on written notice from Valley Water, Consultant will have 15 calendar days to remove that person from the Project and provide a replacement acceptable to Valley Water.

F. Consultant will not charge Valley Water for the time it takes Consultant's replacement personnel to obtain Valley Water-specific Project knowledge in the possession of the person(s) being replaced.

G. Consultant's Key Staff: Valley Water's Project Manager (Valley Water Project Manager) or authorized representatives may approve any revisions to Consultant's list of key staff assigned to the Project as an administrative modification to this Agreement, and such approval will be confirmed in writing.

H. Consultant's Subconsultants

1) Valley Water's authorized representatives may approve any revisions to Consultant's list of authorized Subconsultants when the Subconsultant is deleted from the list and the Scope of Services is deleted from the Agreement or such services are assumed by Consultant; such approval will be confirmed in writing.

2) Valley Water's authorized representative may approve any revisions to Consultant's list of authorized Subconsultants when a listed Subconsultant is replaced (to perform the same Scope) or a new Subconsultant is added (to perform new Scope), provided the firm complies with all insurance requirements established by the Valley Water for such work; such approval will be confirmed in writing.

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8. Compliance with All Laws

A. Consultant's performance must be in compliance with the most current versions of any and all laws relevant to the Services it performs pursuant to this Agreement, including, but not limited to adherence to: all applicable governmental laws, statutes, ordinances, rules, codes, regulations, orders, and other requirements; governmental requirements applicable to state and federal compliance with the Professional Land Surveyors Act; state and federal Endangered Species Act; state and federal water quality laws; and all other state and federal laws or regulations regarding environmental protection and compliance, health, safety, wages, hours, equal employment opportunity, nondiscrimination, working conditions, and transportation. In the event that Valley Water's assistance is necessary to achieve such compliance, Consultant shall promptly notify Valley Water.

B. Consultant shall provide, at Valley Water's request, documentation demonstrating Consultant's compliance with all laws as described herein. After reasonable notice and according to reasonable conditions, Valley Water has the right to inspect and copy any records of Consultant regarding such compliance.

C. Consultant represents and warrants that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal government department or agency.

9. Occupational Safety and Health

A. Consultant will perform the Services in compliance with the most current versions of all laws, standards, rules, and regulations of the Occupational Safety and Health Act, and all state and federal laws and regulations relating to safety and health standards. Consultant shall perform the Services in compliance with, will furnish only supplies, articles, and equipment that comply with such laws, standards, and regulations.

B. Consultant shall immediately notify Valley Water in the event of any personal injury accident or occurrence occurring during the performance of the Services. Upon Valley Water's request, Consultant shall provide Valley Water with documentation fully describing the accident and injury and the actions implemented to prevent similar occurrences.

10. Consultant as Independent Contractor

Consultant will perform all Services as an independent contractor and not an agent or employee of Valley Water. Consultant represents and warrants that it and its contractors who are performing any of the Services as Subconsultants will perform such Services as an independent contractor, and neither Consultant nor Subconsultants nor their employees are the servants, agents or employees of Valley Water. Except as expressly provided in this Agreement, Valley Water exercises no direction, supervision or control over Consultant, its employees, agents, or Subconsultants.

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11. Standard of Care

A. Consultant must possess and maintain during the term of this Agreement all certifications, licenses, permits, and qualifications to perform the Services and prepare all deliverables. Consultant must perform all Services and prepare all deliverables in accordance with those standards and practices of care, skill, and diligence that are generally recognized and customarily observed by competent persons in Consultant's area of specialty in the State of California at the time such Services are rendered.

B. Consultant shall perform the Services and prepare all deliverables without any errors or omissions, and in accordance with Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

C. Consultant and its Subconsultants must perform the Services in compliance with all applicable written federal, state and local codes, statutes, laws, regulations, and ordinances, including, but not limited to, environmental, energy conservation, and disabled access requirements as per the provisions of Section Two, Duties of Consultant, subsection 8. Compliance with All Laws.

SECTION THREE

DUTIES OF VALLEY WATER

1. Available Data

Valley Water will make available to Consultant all data and information in its possession and control and which it deems necessary to the preparation of the deliverables specified in the Schedule. Valley Water will actively aid and assist Consultant in obtaining such information from other agencies and individuals as it deems necessary. Valley Water is not responsible for providing data and information that it does not possess.

2. Review of Deliverables

A. Valley Water will designate a Project Manager (Valley Water Project Manager or Authorized Representative) for purposes of administering and managing this Agreement.

B. Consultant's progress in completing the Services will be reviewed by Valley Water Project Manager at each milestone identified in an executed Task Order or at such other time(s) at the discretion of Valley Water.

C. Consultant must notify Valley Water in writing when it completes and has submitted to Valley Water each deliverable as per an executed Task Order. Deliverables deemed satisfactory and in compliance with this Agreement are subject to approval by Valley Water. Within 30 calendar days of receipt of each deliverable, Valley Water will either (1) notify Consultant that Valley Water accepts the deliverable, or (2) notify Consultant that the deliverable is not acceptable and must be revised.

D. If Valley Water advises Consultant that a deliverable must be revised due to errors or omissions by Consultant, Consultant must correct, at no cost to Valley Water, those

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deficiencies as soon as possible and shall notify Valley Water upon completion of the revised deliverable and submit to Valley Water.

E. Valley Water will then review the revised deliverable and within 30 calendar days of receipt, advise Consultant if the revised deliverable is acceptable. All deficient deliverables will be revised at no cost to Valley Water and this process will continue until Consultant has corrected all deficiencies identified by Valley Water.

F. None of the proposed changes or revisions or anything else in this Agreement will be construed to relieve Consultant of professional or legal responsibility for the performance of the Services as otherwise required by the Terms and Conditions of this Agreement. Corrections to any deliverable as a result of Consultant's errors or omissions, as determined by Valley Water, will not result in additional costs or expenses to Valley Water.

3. Access to Valley Water Facilities

Valley Water will facilitate access to Valley Water facilities as required for Consultant to perform the Services.

SECTION FOUR

FEES AND PAYMENTS

1. Total Fixed Not-to-Exceed Fees

A. Payment for all Services performed by Consultant to the satisfaction of Valley Water, as described in the Schedule will be based on the hourly rates, subject to the Total Fixed Not-to-Exceed (NTE) Fees stated in the Schedule, Attachment One, Fees and Payments. Valley Water will make payments to Consultant according to the terms provided for herein and in the Schedule, Attachment One, Fees and Payments. Payments made by Valley Water to Consultant for Services rendered will be considered full compensation for all personnel, materials, supplies, Subconsultant(s), equipment, and reimbursable expenses, incurred by Consultant to perform the Services. All Service requests will be made by Valley Water on an as-needed basis, subject to future Task Order(s) executed by Valley Water and Consultant.

B. It is understood and agreed that there is no guarantee, either expressed or implied, as to the actual dollar amount, if any, of services that will be authorized under this Agreement, and that Valley Water is not obligated to request any service(s) from Consultant at all. However, in valuable consideration for Consultant's agreement to be on-call to perform services for Valley Water upon request with no minimum guaranteed amount of work, Valley Water will pay Consultant Five Hundred Dollars ($500) on or before the expiration of this Agreement if Valley Water has not requested to utilize Consultant's services during the agreement term.

C. The Schedule, Attachment One, Fees and Payments, sets forth the hourly rates and NTE fee, if any, for Services Consultant may perform pursuant to an executed Task Order.

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D. Services to be performed pursuant to a Task Order will commence only after written approval by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms, and Consultant's authorized representative.

E. Notwithstanding any other provision of this Agreement, Valley Water agrees to pay Consultant in accordance with the terms set forth in an executed Task Order. Consultant represents and warrants that the amounts charged to Valley Water for Services do not exceed the amounts normally charged by Consultant to other customers for similar Services.

F. Upon the written approval of Valley Water, the Services described in a Task Order task may be reduced, revised, or deleted.

G. Automobile travel mileage expenses will be paid at the current Internal Revenue Service (IRS) rate. Valley Water will not reimburse Consultant nor its Subconsultants for mileage nor travel time to and from Valley Water Headquarters and surrounding campus located at 5700 Almaden Expressway, San Jose, California. However, Valley Water will reimburse Consultant and its Subconsultants for mileage incurred from Valley Water Headquarters or Consultant's and Subconsultants' firm addresses, whichever is closer to the destination, to Project site(s) and, if directed or authorized by Valley Water, to meeting locations such as with regulatory agencies, for community outreach activities and meetings, for partnering meetings, and Dispute Review Board meetings.

2. Consultant Invoices

A. Consultant's invoices will be prepared in accordance with the terms of this Agreement, Section Four, Fees and Payments, and represent Services performed and reimbursable costs incurred during the identified billing period. Invoices must be consistent with Scope of Services and executed Task Orders; and include the following:

1) Employee classification and name itemized with all labor charges by Service task;

2) Summary of the amount Consultant has been billed by their Subconsultants and further detailed by Service task;

3) A description of the site where Services were performed, if applicable;

4) The name of Valley Water staff requesting Services;

5) The dates when Services were performed;

6) Other direct charges and reimbursable expenses by Task Order task;

7) Other direct charges and expenses must reflect actual fees versus the Task Order not-to-exceed fees as stated in the Schedule(s), Attachment One, Fees and Payments, and/or Task Orders;

8) Level of Small Business (SB) participation, if applicable, documenting the level of SB participation for each Task Order;

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9) The total amount due for completing the Services specified in that Task Order, which must not exceed the not-to-exceed amount specified in that Task Order; and

10) To the extent that Consultant is adding an administrative, processing, overhead or mark-up fee, Valley Water will not pay for such duplication of costs for both Consultant and its Subconsultants.

B. Before submitting monthly invoices, a draft invoice (in Adobe PDF format) will be provided in electronic format by the Consultant for preliminary review by Valley Water Project Manager. Upon preliminary approval by Valley Water, Consultant will email the complete, signed, and dated electronic copy invoice, including all supporting documentation. Valley Water's preliminary review of the draft invoice does not represent final approval of the electronic copy invoice, but is intended to reduce potential for re-submittals of electronic copy invoice by Consultant.

C. Invoices will include a summary of labor expenditures, direct costs, and billed Subconsultant charges. Invoices will be organized such that the billing categories correspond with the Task Order.

D. Notwithstanding language to the contrary in an executed Task Order, Consultant must invoice Valley Water for a Task Order within 30 calendar days of Valley Water accepting the deliverables of that Task Order.

E. Consultant shall submit all invoices through Projectmates or other document control system designated by Valley Water. All inquiries regarding Projectmates must be directed to Valley Water's Capital Project Management and Project Controls Program (CPMPC@valleywater.org). Consultant must also ensure that each invoice and corresponding attachments contain the following information:

1) Agreement number;

2) Consultant Invoice number in the following format: Agreement Number followed by a three-digit consecutive numbering sequence and separated by a period. For example, A1234A.001, A1234A.002, etc.

3) Task Order number;

4) Full legal name of Consultant/Firm;

5) Payment remit-to address;

6) Invoice date (the date invoice is emailed);

7) Detailed description of Services provided, including the "distribution account(s)" for those Services;

8) Number of hours spent by each person performing services and a brief description of the Services performed by each person; and

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9) Beginning and end date for billing period that services were provided.

F. Consultant shall invoice for its performance of the Services as stated in an executed Task Order on a monthly basis consistent with the task fee breakdown stated in the Task Order(s), Attachment A. Unless otherwise specified in a Task order, Consultant will be paid for the Services as described in an executed Task Order.

G. Valley Water Project Manager will review Consultant's written invoice within five Valley Water business days of receipt, address any questions with Consultant's Contact/Principal Officer and approve the undisputed amount of the invoice within ten working days of receipt of the invoice. Valley Water will pay undisputed invoice amounts within 30 calendar days from date invoice is received by Valley Water Project Manager.

H. Invoice Disputes

1) Valley Water may in good faith assert a bona fide dispute as to all or a portion of fees specified in any invoice. If any portion of an amount due to Consultant pursuant to this Agreement is subject to a bona fide dispute between the Parties, within 30 calendar days of Consultant's submission of an invoice in which a disputed amount is included, Valley Water will notify Consultant in writing of the specific items in dispute, and will describe Valley Water's reason(s) for disputing each such item.

2) Consultant and Valley Water Project Manager must act in good faith to resolve the dispute in a timely manner. If the dispute is not resolved by Consultant and Valley Water Project Manager within 30 calendar days of Consultant receiving Valley Water's written notice of dispute, Consultant and Valley Water will attempt to resolve the dispute pursuant to the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

I. Consultant's Services will be performed by its staff members and Subconsultants' staff members at the lowest hourly and unit rates commensurate with the complexity of the required Services.

J. Consultant shall ensure that its personnel performing services pursuant to this Agreement document their time doing so.

3. Prevailing Wages [NOT USED]

A. A portion of the Services to be performed pursuant to this Agreement may be considered "Public Works" subject to California Labor Code §1771, et. seq. and the applicable implementing regulations. If Consultant's Services includes such work, Consultant and its Subconsultants must comply with all Labor Codes applicable to prevailing wages.

B. Labor Code §1720 provides as follows:

"(a) As used in this chapter, "public works" means all of the following:

(1) Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public

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authority. For purposes of this paragraph, “construction” includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, “installation” includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems.”

C. Consultant and its Subconsultants shall not engage in the performance of public work, as defined in California Labor Code §1771.1, unless currently registered and qualified to perform public work pursuant to California Labor Code §1725.5.

D. The General Prevailing Wage Rates issued by the California Department of Industrial Relations may be adjusted by the State throughout the term of this Agreement. Notwithstanding any other provision of this Agreement, Consultant will not be entitled to any adjustment in compensation rates in the event there are adjustments to the General Prevailing Wage Rates.

E. This Agreement is subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations. Upon request, Consultant and Subconsultants must furnish the records specified in Labor Code §1776 directly to the Labor Commissioner, in a format prescribed by the Labor Commissioner.

F. All records or documents required to be kept verifying statutory compliance with the prevailing wage requirement, such as certified payroll records, must be made available for audit at no cost to Valley Water, at any time during regular business hours, upon written request by Valley Water. Records and documents to be provided in electronic or hard copy format, at Valley Water’s discretion.

G. **California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements**

Prior to Valley Water executing a Task Order for Services involving public works, as defined herein, Consultant, and its Subconsultant(s) performing public works, must provide evidence, in the form required by Valley Water, that Consultant and its Subconsultant(s) are in compliance with the California State Department of Industrial Relations Contractor and Sub-Contractor Registration Requirements.

4. Retention

A. Unless otherwise specified in an executed Task Order, ten percent of each invoice for that Task Order will be withheld by Valley Water and not paid to Consultant until 30 calendar days after the assigned Valley Water representative signs the final approval for all Services/deliverables as stated in the executed Task Order, consistent with Section Three, Duties of Valley Water, subsection 2. Review of Deliverables.

B. Consultant may request, and Valley Water may consider and approve, release of retention withheld by Valley Water.

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SECTION FIVE

SCHEDULE OF COMPLETION

1. Performance of Tasks

Consultant will commence performing the tasks described in the Scope of Services of an executed Task Order upon receipt of the Task Order Notice to Proceed (NTP) issued by Valley Water.

2. Task Order Schedule

Consultant will perform and complete the Services in accordance with the schedule (Schedule) as described in each Task Order. Consultant will coordinate Services with Valley Water to provide the timeline of all tasks and subtasks including the site visits, document review, meetings, and deliverables.

3. Project Delays

Consultant will make all reasonable efforts to comply with the Schedule as stated in a Task Order. In the event the Task Order Schedule will be delayed, Consultant will notify Valley Water Project Manager as soon as possible, providing the reason why, the length of the delay, and a description of the actions being taken to address the delay. In the event Consultant is delayed in performance of its Services by circumstances beyond its control, Valley Water may, at its discretion, grant a reasonable adjustment in the Schedule.

4. Changes to the Schedule

Valley Water's Project Manager and Consultant may agree to modify the Schedule specified for Consultant's performance in an executed Task Order as an administrative modification to the Task Order and will confirm such modifications in writing.

SECTION SIX

AGREEMENT MODIFICATIONS

The Parties may agree to modify the Terms and Conditions of this Agreement by executing a written amendment hereto.

SECTION SEVEN

TERM AND TERMINATION

1. Term & Automatic Termination

No Task Order will be written which extends beyond the expiration date of this Agreement. Consultant will not undertake to provide Services where it reasonably appears that the

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Services cannot be performed and completed within the Term of this Agreement. Uncompleted and/or unfinished Task Orders will co-terminate with this Agreement.

2. Valley Water Rights

A. Suspension: Valley Water may, by written notice to Consultant, suspend any or all Services pursuant to this Agreement or to any individual Task Order. Valley Water may subsequently terminate this Agreement or any Task Order for convenience or determine to proceed. If a decision to proceed is not made within 90 days from the date of the notice of suspension, any decision to proceed must be conditioned upon execution of a new Notice to Proceed or Task Order.

B. Termination for Convenience: Valley Water may, by written notice to Consultant, terminate all or part of this Agreement or any Task Order at any time for Valley Water's convenience. Upon receipt of such notice, Consultant will immediately cease all work as specified in the notice. If this Agreement or any Task Order is so terminated, Consultant will be compensated as set forth in Section Seven, Term and Termination, subsection 3. Consultant's Compensation upon Termination or Suspension.

C. Termination for Breach: If Consultant violates any of the covenants, agreements or stipulations of this Agreement or a Task Order, or if Consultant fails to fulfill in a timely and proper manner its obligations pursuant to this Agreement or any Task Order, and does not cure such failure or violation within 30 days (or a reasonable extension thereof, if requested, which extension will not be unreasonably withheld) after receipt of written notice from Valley Water specifying such failure or violation, Valley Water will thereupon have the right to terminate this Agreement and any or all uncompleted Task Orders by giving written notice to Consultant of such termination. Such notice will specify the effective date thereof, and Consultant will not be entitled to compensation for Services or expenses beyond the specified termination date.

D. If, after notice of termination for breach of this Agreement or any Task Order, it is determined that Consultant did not breach the Agreement or Task Order, the termination will be deemed to have been implemented for Valley Water's convenience, and Consultant will receive payment that is allowed by this Agreement for a termination for convenience.

E. The rights and remedies provided herein to Valley Water are in addition to any other rights and remedies provided by law, this Agreement, or a Task Order.

3. Consultant's Compensation upon Termination or Suspension

In the event of termination of this Agreement or any Task Order, or suspension of Services by Valley Water, Consultant shall receive compensation based on satisfactory performance, accepted by Valley Water, as follows:

A. Direct Labor: Consultant shall be entitled to receive compensation for all authorized direct labor performed prior to termination pursuant to the provisions of this Agreement or Task Order and all authorized labor expenses incurred to demobilize from the Project after the date of termination;

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B. Other Direct Costs and Expenses: Consultant shall be entitled to receive compensation for all authorized other direct costs and expenses incurred prior to termination and all authorized expenses incurred to demobilize from the Project after the date of termination; and

C. In no event shall the total compensation paid for any item of Service exceed the payment specified in the Agreement or applicable Task Order for that item of Service.

4. Survival

The Terms and Conditions of this Agreement, that by their context and a standard of reasonableness, are intended to survive termination, suspension, completion, and expiration of this Agreement, shall survive, including but not limited to, the following Sections and subsections: Independent Contractor Status, Confidentiality, Indemnification, Insurance Requirements, and Dispute Resolution, as well as any Consultant representations and warranties.

SECTION EIGHT

INDEMNIFICATION

1. Notwithstanding any other provision of this Agreement, Consultant agrees to indemnify, defend and hold harmless Valley Water, its agents, officers, directors, and employees from and against any and all demands, claims, damages, losses and reasonable expenses, including but not limited to liabilities, obligations, claims, costs, reasonable expenses (including, without limitation, interest, penalties and reasonable attorney's fees), fines, taxes, levies, imposts, assessment, demands, damages or judgments of any kind or nature, whether in law or equity (including, without limitation, death or injury to any person, property damage, administrative and judicial orders and consents, or any other loss) to the extent they arise out of, pertain to, or relate to Consultant's negligence, recklessness, or willful misconduct.

2. The foregoing does not limit any strict liability imposed on Consultant by law. The rights, duties, and obligations of the Parties as set forth above in this Section Eight, Indemnification, survive termination, expiration, completion, and suspension of this Agreement.

SECTION NINE

INSURANCE REQUIREMENTS

Insurance requirements applicable to this Agreement are set forth in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements. Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, all insurance coverages as detailed in the Standard On-Call Consultant Agreement, Appendix Four, Insurance Requirements, and comply with all provisions stated therein.

SECTION TEN

OWNERSHIP AND REUSE OF DELIVERABLES

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1. Valley Water Ownership

All deliverables and other materials prepared by Consultant, including computer programs and media developed by Consultant, to perform the Services, during the term of this Agreement, will be and remain the property of Valley Water following payment in full to Consultant for each task or portion of a completed task, or in accordance with Section Seven, Term and Termination. In the event the work is not completed, the completed portions thereof will become the property of Valley Water. Consultant will provide Valley Water with such deliverables and material at appropriate times during this Agreement. Consultant may retain a copy for its records. Consultant does not convey, assign, or transfer the intellectual property rights it has, so as to limit its ability or right to develop, design, or provide services on other projects of or for its other clients.

2. Reuse of Instruments of Service

If Valley Water desires to reuse the completed plans, specifications, or other deliverables, in total or in part, on project sites associated with this Agreement, or any other site, or to complete any incomplete portion of construction documentation which Valley Water has already paid Consultant, Valley Water will release Consultant from any liability incurred by Valley Water from reusing said deliverables.

3. Copies of Data

Copies of data exchanged by, through, and between Valley Water and Consultant that may be relied upon are limited to printed copies. Computer-generated files, disks, or tapes of text, data or graphics that are furnished are only for the mutual convenience of the Parties.

4. Computer-Generated Material

Any risk of translation or reliance on information obtained or derived from computer-generated material is at the user's sole risk, and no representations are made, either express or implied, as to the long-term performance of data thus transferred.

5. Work for Hire

Any and all original correspondence, memoranda, reports, designs, plans, specifications, data compilations, computer programs, or drawings delivered to Valley Water by Consultant according to the Terms of this Agreement, in or by any medium is deemed to be "work for hire" according to the copyright laws of the United States and the copyright belongs to Valley Water.

6. Copyright Claims

Co-venturers, subcontractors, Subconsultants, suppliers, and vendors to Consultant are likewise bound by these copyright terms. Valley Water makes no copyright claim and requires no release for copyrighted material or trademarked names used incidentally by Consultant.

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SECTION ELEVEN

EQUAL OPPORTUNITY

1. Equal Opportunity Employer

Valley Water is an equal opportunity employer and requires its consultants to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, Consultant will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any subcontractor, employee, or applicant for employment in the recruitment, hiring, employment, utilization, promotion, classification or reclassification, transfer, recruitment advertising, evaluation, treatment, demotion, layoff, termination, rates of pay or other forms of compensation, and selection for professional development training (including apprenticeship), or against any other person, on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices), political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

2. Compliance with Applicable Equal Opportunity Laws

Consultant's policy must be in conformance with applicable state and federal guidelines including the Federal Equal Opportunity Clause, 41 Code of Federal Regulations, Part 60-1, §60-1.4; Title VII of the Civil Rights Act of 1964 as amended; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973 (§503 and §504); the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.); the California Fair Employment and Housing Act (Government Code §12900 et. seq.); and California Labor Code §1101 and §1102.

3. Investigation of Claims

Consultant must designate a specific position within its organization to be responsible for investigating allegations of non-compliance with the anti-discrimination and anti-harassment provisions of this Agreement. Consultant must conduct a fair, prompt, and thorough investigation of all allegations directed to Consultant by Valley Water. In cases where such investigation results in a finding of discrimination, harassment, or hostile work environment, Consultant must take prompt, effective action against the offender.

SECTION TWELVE

MISCELLANEOUS PROVISIONS

1. Entire Agreement

This Agreement, which includes the Terms and Conditions, Appendices, the Schedule(s), Schedule(s)' Attachments, and all executed Task Orders, represents the entire

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understanding between the Parties hereto relating to the Services described in this Agreement and its executed Task Orders, which are incorporated herein by this reference, and supersedes any and all prior proposals or agreements, whether written or oral, that may exist between the Parties. This Agreement may not be modified or amended except in writing as stated herein. To the extent that any Schedule conflicts with this Agreement, this Agreement shall control.

2. Formation of Agreement

A. No agreement between the Parties is formed until all applicable actions have been completed to the satisfaction of Valley Water. Valley Water Project Manager will not issue a Notice to Proceed until all required documents have been submitted and accepted by Valley Water.

B. Formation of this Agreement between the Parties requires accomplishment of the following, as applicable:

1) Execution of the Agreement by Consultant;

2) Submission by Consultant, and acceptance by Valley Water, of evidence of all required insurance coverages and documents;

3) Submission by Consultant, and acceptance by Valley Water, of evidence of all required Form 700 documents, if applicable;

4) Submission by Consultant, and acceptance by Valley Water, of all required Non-Disclosure Agreements (NDA) as provided in the Schedule(s), Attachment Four, Reference Materials, if applicable;

5) Submission by Consultant, and acceptance by Valley Water, of a Health and Safety Plan, if applicable;

6) Any other requirements that are deemed necessary by Valley Water; and

7) Execution of the Agreement by Valley Water.

3. No Assignment

A. The expertise and experience of Consultant are material considerations for Valley Water's award and execution of this Agreement. Consultant will not assign or transfer any interest in this Agreement nor the performance of any of Consultant obligations hereunder, without prior written consent of Valley Water in the form of an amendment executed by the Parties, and any attempt to so assign this Agreement, or any rights, duties or obligations arising hereunder, will be void and of no effect. Any assignment of monies due or to become due in accordance with this Agreement, will be to the extent permitted by law, and will be subject to all proper set-offs, deductions, and withholdings in favor of Valley Water.

B. In no event shall an assignment of any interest in this Agreement release Consultant from its duties and responsibilities as described in this Agreement nor shall Consultant be

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released from liability created by the provision of Services as described in this Agreement until such assignment takes effect. Any attempted or purported assignment without Valley Water's written consent in the form of an amendment executed by the Parties is null and void.

4. Reasonableness

Discretionary actions or approvals to be performed by the Parties will be exercised in a reasonable manner.

5. Gifts

Consultant hereby acknowledges that Valley Water policy prohibits the acceptance by Valley Water personnel of gifts of any kind from its contractors, consultants, suppliers or vendors. Consultant shall honor this policy by not sending or bringing gifts to Valley Water.

6. Audits

Consultant agrees that Valley Water and its agent(s) have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Consultant agrees to provide Valley Water and its agent(s) with any relevant information requested, in electronic and hard copy format, at Valley Water's discretion, and will permit Valley Water and its agent(s) access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees (alternatively, by phone at Valley Water's discretion) and inspecting or copying books, records, accounts, computerized records, and other materials that may be relevant to the matter under investigation or subject to audit, such as by a government agency, providing Valley Water with grant funds to pay for Consultant's services, for the purpose of determining compliance with this Agreement. Consultant further agrees to maintain such records for a period of three years after final payment as provided for in this Agreement.

7. Force Majeure

Neither Party will be held responsible for delays caused by acts beyond its control, such as acts of God or public enemies, utility or communication delays, or failures not caused by such Party's negligence or fault, accidents not caused by such Party's negligence or fault, labor disputes, war, or failure of the other Party to provide data as required pursuant to this Agreement.

8. Binding Effect

This Agreement is binding on the heirs, executors, administrators, successors and assigns of the Parties.

9. Choice of Law and Venue

The Parties agree that this Agreement is to be governed, construed, and enforced in accordance with the laws of the State of California. The Parties also agree that the venue of any litigation arising out of or connected with this Agreement will lie exclusively in the state trial court or Federal District Court located in Santa Clara County in the State of California.

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The Parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

10. Confidentiality

A. Due to the nature of the services Consultant will provide pursuant to this Agreement, there may be disclosures made to Consultant of detailed information about Valley Water's operations, including on a need-to-know basis information which may be protected from public disclosure by confidentiality laws, the attorney-client privilege, and/or other provisions of law which govern the nature and timing of disclosure of public information.

B. Consultant understands and acknowledges that Valley Water staff members providing information to Consultant do so with the understanding that such information will be handled appropriately.

C. In the event Consultant receives such restricted or confidential information, Consultant will limit access to the information to only those of Consultant's employees, its subcontractors and its Subconsultants authorized by Valley Water to have the information.

D. Consultant will notify Valley Water immediately of any request by any third party to have access to confidential information and will not disclose the requested information without first receiving express written authorization from Valley Water.

E. Notwithstanding the aforementioned Confidentiality requirements, upon the request of Valley Water Project Manager, Consultant, and its Subconsultants shall execute Valley Water's most current Non-Disclosure Agreement in effect at that time.

F. The requirements stated herein will survive completion, expiration, suspension, and termination of this Agreement.

11. Release of Information Prohibited

Consultant is not permitted to provide any information concerning the Project to the media nor anyone other than authorized Valley Water personnel. Consultant will not release any information pertinent to the Project for publication, public disclosure, or in any other manner without first obtaining clearance and a release in writing from Valley Water. Any media inquiry at any time to Consultant relating to any matter concerning Services provided or requested to be provided pursuant to this Agreement will be referred immediately to Valley Water. Consultant will not communicate with the media regarding any such matter.

12. Conflict of Interest

A. Consultant represents that there exists no actual or potential conflict of interest concerning the services to be performed pursuant to this Agreement.

B. Consultant represents that Consultant's performance required as stated in this Agreement does not require the breach of any agreement or obligation to keep in confidence the proprietary information of another party. Consultant will not bring to Valley Water, or use in the performance of Consultant's duties as described in this Agreement,

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any materials or documents of another party considered confidential or proprietary unless Consultant has obtained written authorization from such party, and the informed consent of Valley Water, for the possession and use of such materials.

C. Consultant represents and warrants that during the term of the Agreement, Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant shall not act as a Consultant or expert for any party in support of any potential or active claim or legal action against Valley Water by such party.

D. CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION STATEMENT OF ECONOMIC INTEREST FORM 700 ("FORM 700"): Upon Valley Water's request, Consultant employees, officers, agents, Subconsultants, and subcontractors shall complete, execute, and submit a Form 700 as follows:

1) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, shall file, in a manner prescribed by Valley Water, an Assuming Office Statement. The Assuming Office Statement shall be filed:

   a. Within 30 calendar days of the effective date of this Agreement; or

   b. Within 30 calendar days of Consultant hiring, adding, or promoting to a designated filer position, employees, officers, agents, Subconsultants, and subcontractors to perform services pursuant to this Agreement;

2) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, an amendment to their Form 700 any time there is a need to correct or change disclosure information;

3) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file an Annual Statement in a manner prescribed by Valley Water, during the annual filing season, as determined by Valley Water;

4) Consultant employees, officers, agents, Subconsultants, and subcontractors assigned to perform services pursuant to this Agreement, that filed an Assuming Office Statement, shall file in a manner prescribed by Valley Water, a Leaving Office Statement with Valley Water when one of the following occurs:

   a. Upon termination of this Agreement; or

   b. Within 30 calendar days of Consultant employees, officers, agents, Subconsultants, and subcontractors vacating a designated filing position (i.e., removed from the Project, promotion, demotion, transfer to non-designated position, end of employment, or as a result of changes in designated filer positions in Valley Water's Conflict of Interest Code);

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5) Consultant understands and agrees that its employees, officers, agents, Subconsultants, and subcontractors may be disqualified from providing services to Valley Water pursuant to the California Political Reform Act, Government Code §81000 et. seq. and §1090. If any of Consultant's employees, officers, agents, Subconsultants, and subcontractors are disqualified from providing services, on written notice from Valley Water Project Manager, Consultant will have 15 calendar days to remove said employee(s), officer(s), agent(s), Subconsultant(s)' and subcontractor(s)' employee(s) from the Project and provide a replacement acceptable to Valley Water;

6) The failure of Consultant's employees, officers, agents, Subconsultants, and subcontractors to file an Assuming Office, Annual, Amended, or Leaving Office Statement within the time prescribed by Valley Water is deemed a material breach and may result in termination of the Agreement for cause.

13. Task Orders

A. All tasks and Services may be assigned to Consultant through issuance of Task Orders. The Valley Water Project Manager will identify and communicate the applicable tasks and services based on the menu of tasks listed in the Scope of Services to be provided to the Consultant. After the tasks and Services are identified and communicated to Consultant by Valley Water Project Manager, Consultant will prepare a proposed Task Order request (see Standard On-Call Consultant Agreement, Appendix Three, Task Order Template). The proposed Task Order must identify the following:

1) Description of the Services, including deliverables;

2) The total Not-to-Exceed Fees for Consultant to complete the Services, including estimated number of hours per assigned staff to complete the Services;

3) Proposed staff that will be assigned to complete the Services, including resumes if not previously provided to Valley Water's Project Manager;

4) Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

5) Schedule for completing the Services; and

6) Copies of applicable state and federal permits required to complete the Services, unless previously provided to Valley Water.

B. Consultant agrees that the Not-to-Exceed Fees specified in a proposed Task Order will be the product of a good faith effort in exercising its professional judgment. After an agreement has been reached on the negotiable items, the finalized Task Order will be signed by both Valley Water's authorized representative referenced in the Standard On-Call Consultant Agreement, Appendix One, Additional Legal Terms and Consultant's authorized representative.

C. Consultant must not commence performance of work or services on a Task Order until it has been approved by Valley Water's authorized representative and Notice to Proceed

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has been issued by Valley Water Project Manager. No payment will be made for any services performed prior to approval or after the period of performance of the Task Order. The period of performance for Task Orders will be in accordance with dates specified in the Task Order. No Task Order will be written which extends beyond the expiration date of this Agreement. The total amount payable by Valley Water for an individual Task Order will not exceed the amount agreed to in the Task Order.

D. Prevailing Wage Requirements: The Scope of Services may be considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages, and Appendix Three, Task Order Template.

14. Good Neighbor

Valley Water always strives to be a good neighbor to the community adjacent to its facilities. Consultant will ensure that disturbance to neighbors is minimized. Consultant, its staff, and Subconsultants will always interact with the members of the public in a polite and professional manner.

15. Governmental Permits and Notifications

Unless otherwise expressly stated herein or in an executed Task Order, Consultant represents and warrants that it has investigated the need for, and has or will procure, at its cost, and in its own name to the extent allowed by law, all governmental permits, notifications, approvals and inspections required for the performance of the Services. Consultant shall promptly notify Valley Water if any such permit or approval lapses or is modified or revoked. If, pursuant to applicable law, any such permits or approvals must be procured in Valley Water's name, Consultant shall promptly so inform Valley Water and assist Valley Water in obtaining such permits or approvals.

16. Taxes and Benefits

Consultant has full and exclusive liability for the payment of, and Consultant will pay, any and all taxes and contributions for unemployment insurance, retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities and similar benefits and any other employment-related costs, obligations, and duties that may now or hereafter be imposed by law, collective bargaining agreements or otherwise with respect to persons employed by Consultant for the performance of Services pursuant to this Agreement.

17. Nonwaiver of Rights

The failure of either Party to this Agreement to object to or to take affirmative action with respect to any conduct of the other Party that is in violation of the terms of this Agreement will not be construed as a waiver thereof, or as waiver of any future breach or subsequent wrongful conduct.

18. No Third-Party Beneficiaries

Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity, other than the Parties hereto, any legal or equitable right, remedy, or claim

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under or in respect of this Agreement or any covenants, conditions, or provisions contained herein.

19. Severability

If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.

20. Debt Limitation

This Agreement is contingent on the appropriation of sufficient funding by Valley Water for the services described in this Agreement. Valley Water is subject to laws or policies which limit its ability to incur debt in future years. Nothing in this Agreement shall constitute an obligation of future legislative bodies of Valley Water to appropriate funds for purposes of this Agreement.

21. Notices

Unless otherwise specified in this Agreement, all requests for written approval or legal notices must be sent to the representatives below. All notices are deemed to have been given when made in writing and when delivered or mailed to the representatives of Valley Water and Consultant at their respective addresses as follows:

VALLEY WATER:

Deputy Operating Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

CONSULTANT:

Consultant Principal Officer, as listed in the attached Schedule, Scope of Services, Section 1. Representatives.

22. Appendices

The following list of Standard On-Call Consultant Agreement Appendices are incorporated herein by this reference as though set forth in full:

Appendix One - Additional Legal Terms
Appendix Two - Dispute Resolution
Appendix Three - Task Order Template
Appendix Four - Insurance Requirements

23. Schedule and Attachments

Schedule OC, Scope of Services, and the following listed Attachments are incorporated herein by this reference as though set forth in full:

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Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

(SIGNATURES FOLLOW ON NEXT PAGE)

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IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR CONSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THROUGH THE SIGNATURES OF THEIR DULY AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER DISTRICT
Valley Water

By: _____
Tony Estremera
Chair, Board of Directors

Date: May 12, 2026

ATTEST:

_____
Candice Kwok-Smith
Clerk, Board of Directors

RINCON CONSULTANTS, INC.
Consultant

By: Signed by: Jennifer Jacobus 2254BCC77D144DD...
Jennifer Jacobus
Principal-in-Charge

Date: 5/8/2026

Consultant's Address:
180 North Ashwood Avenue
Ventura, CA 93003

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
ADDITIONAL LEGAL TERMS

1. Conflict of Interest for Future Services

Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant, [or any of its Subconsultants], shall not submit a proposal:

A. For any agreement to be awarded for [construction management, or the construction] of any project that is related to the Services provided pursuant to this Agreement;

B. In response to any request for proposal or Valley Water solicitation developed or prepared by or with the assistance of Consultant, Consultant's parent company, Consultant's subsidiaries, or any affiliated entity sharing substantially similar ownership of or control with Consultant; or

C. For any single or sole source products/services related to the Services pursuant to this Agreement or have a financial stake in any single or sole source products/services resulting from this Agreement.

2. Dispute Resolution

If a dispute occurs between the Parties as a result of this Agreement, then the Parties agree to use the Dispute Resolution process outlined in the Standard On-Call Consultant Agreement, Appendix Two, Dispute Resolution.

3. Small Business Enterprise (SBE) Outreach Program Participation

This Agreement provides for the Consultant to include California Department of General Services certified Small/Micro Businesses in the performance of the Services, estimated to be 50**%** or more of the Total Not-to-Exceed Fees stated in the Standard Consultant Agreement, Attachment One Fees and Payments, to the Schedule(s), and Consultant agrees to use its best efforts to meet this goal.

4. Task Order Approvals

A. Services to be performed pursuant to a Task Order may only commence once a specific Notice to Proceed for that Task Order has been issued by Valley Water.

B. Task Orders are subject to approval by Valley Water's Deputy Operating Officer unless delegated to an Assistant Operating Officer and/or Unit Manager.

C. Valley Water Assistant Operating Officer is authorized to approve individual Task Orders in an amount not-to-exceed $[authorization amount]. [NOT USED]

D. Valley Water Unit Manager(s) is authorized to approve individual Task Orders in an amount not-to-exceed $ [Authorization Amount]. [NOT USED]

E. The total not-to-exceed amount for any one Task Order shall not exceed $ [NOT-TO-EXCEED AMOUNT]. [NOT USED]

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F. Consultant must acknowledge receipt and respond to Valley Water's request to submit a Cost Proposal within five (5) business days or within the time specified in Valley Water's request.

G. Upon Valley Water and Consultant's successful negotiation of the Consultant's Cost Proposal, Consultant must submit a Task Order within five (5) business days or within the time specified in Valley Water's request, for Valley Water's approval of the Task Order, and issuance of a Notice-to proceed.

5. Task Order Assignments for Multi-Awards Agreement

Valley Water has retained five (5) separate consultants to perform on-call environmental planning and permitting services during the same timeframe. Task orders will be assigned on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to each of the consultants. Valley Water's Project Manager is responsible for administering the task orders for assigned work among the five (5) firms for the term of the Agreements.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX ONE
EXHIBIT A
FEDERAL REQUIREMENTS

1. FEDERAL GRANT REQUIREMENTS

Projects receiving credit assistance must comply with all federal laws and regulations, including environmental compliance and other compliance requirements.

Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are attached hereto as Standard Consultant Agreement, Appendix One, Additional Legal Terms, Section 5, Federally Required Clauses, and Exhibit A, Federal Requirements, and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

In addition, Valley Water is actively seeking state and federal grant funding for the Project. Consultant agrees to comply with all applicable state and federal funding requirements and pertinent laws, regulations, and policies, including, but not limited to the Uniform Guidance for Federal Awards (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1) (April 30, 2026), prevailing wage, and Build America, Buy America. Specific agency-level guidance and requirements may also apply. Valley Water reserves the right to modify the procurement process described herein to address additional conditions or requirements prescribed by governmental agencies. Proposers will be notified of any such modifications by way of an addendum to this RFP.

2. DEBARMENT AND SUSPENSION

Consultant certifies that it will not knowingly enter into a contract with anyone who is ineligible under the 2 CFR part 180 and part 1532 (per Executive Order 12549, 51 FR 6370, February 21, 1986) or who is prohibited under Section 306 of the Clean Air Act or Section 508 of the Clean Water Act to participate in the Project. Suspension and debarment information can be assessed at http://www.sam.gov. Consultant represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its subcontracts under this Agreement.

3. FEDERAL LOBBYING RESTRICTIONS (31 U.S.C. 1352)

Recipients of federal financial assistance may not pay any person for influencing or attempting to influence any officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with respect to the award, continuation, renewal, amendment, or modification of a federal grant loan, or contract. These requirements are implemented for USEPA in 40 CFR Part 34, which also describes types of activities, such as legislative liaison activities and professional and technical services, which

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are not subject to this prohibition. Upon award of this contract, Consultant shall complete and submit to Valley Water the Certification Regarding Lobbying form (https://www.epa.gov/system/files/documents/2021-08/epa_form_6600_06.pdf) and Disclosure of Lobbying Activities form (https://www.epa.gov/grants/sf-lll-disclosure-lobbying-activities) found in Appendix A and Appendix B to 40 CFR Part 34. Consultant shall also require all subcontractors and suppliers of any tier awarded a subcontract over $100,000 to similarly complete and submit the certification and disclosure forms to Valley Water pursuant to the process set forth in 40 CFR 34.110.

4. CIVIL RIGHTS OBLIGATIONS

Consultant shall comply with the following federal non-discrimination requirements:

a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP). (424 U.S.C. 2000D, et. seq)

b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities. (29 U.S.C. 794, supplemented by EO 11914, 41 FR 17871, April 29, 1976 and EO 11250, 30 FR 13003, October 13, 1965)

c. The Age Discrimination Act of 1975, which prohibits age discrimination. (42 U.S.C. 6101 et. seq)

d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.

e. 40 CFR Part 7, as it relates to the foregoing.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX TWO
DISPUTE RESOLUTION

1. Consultant's Questions and Concerns

Questions regarding the Terms, Conditions, and Services relating to this Agreement will be decided by Valley Water who will furnish the decisions to Consultant in writing within 30 days after receiving a written request from Consultant.

2. Dispute Resolution

A. Alternate Dispute Resolution

Valley Water intends to use Alternate Dispute Resolution (ADR) techniques including partnering and mediation to resolve disputes relating to the Project.

B. Consultant and its Subconsultants are expected to participate in all ADR efforts.

C. The cost of partnering, training facilities, and facilitator will be paid for by Valley Water, unless the Parties agree otherwise.

3. Negotiations Before and During Mediation

Negotiations to resolve disputes before and during mediation are initiated for settlement purposes only, are confidential, and are not binding unless otherwise agreed by Valley Water and Consultant.

4. Voluntary Mediation

A. Initiation of Mediation

Any Party to a dispute or claim may initiate mediation by notifying the other Party or Parties in writing.

B. Request for Mediation

A request for mediation must contain a brief written statement of the nature of the dispute or claim, and the names, addresses, and phone numbers of all parties to the dispute or claim, and those who will represent them, if any, in the mediation.

C. Selection of Mediator

1) Upon receipt of a written request for mediation, unless otherwise agreed by the Parties, within 14 days, the Parties will confer to select an appropriate mediator agreeable to all Parties.

2) If the Parties cannot agree on a mediator, they hereby agree to accept a mediator appointed by a recognized association such as the American Arbitration Association.

D. Qualifications of a Mediator

1) Any mediator selected must have expertise in the area of the dispute and be knowledgeable in the mediation process.

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2) No person shall serve as a mediator in any dispute in which that person has any financial or personal interest in the result of the mediation.

3) Before accepting an appointment, the prospective mediator must disclose any circumstances likely to create a presumption of bias or prevent a prompt meeting with the Parties. Upon receipt of such information, the Parties will confer and decide whether to select another mediator.

E. Vacancies

If any mediator becomes unwilling or unable to serve, another mediator will be selected unless the Parties agree otherwise.

F. Representation

1) Any Party may be represented by person(s) of their choice who must have full authority to negotiate.

2) The names and addresses of such person(s) must be communicated in writing to both Parties and to the mediator.

G. Time and Place of Mediation

1) The mediator will set the time of each mediation session.

2) The mediation will be held at a convenient location agreeable to the mediator and the Parties, as determined by the mediator.

3) All reasonable efforts will be made by the Parties and the mediator to schedule the first session within 60 days after selection of the mediator.

H. Identification of Matters in Dispute

1) Parties shall comply with the process as required by the mediator with regard to providing the mediator with a memorandum setting forth its position with regard to the issues that need to be resolved. At the discretion of the mediator, or otherwise agreed by the Parties, the Parties may mutually exchange such memoranda.

2) At the first session, the Parties will be expected to produce all information reasonably required for the Mediator to understand the issue(s) presented. The mediator may require each Party to supplement such information.

I. Authority of Mediator

1) The mediator does not have authority to impose a settlement on the Parties but will attempt to assist the Parties in reaching a satisfactory resolution of their dispute.

2) The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement.

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3) Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the dispute, provided the Parties agree and assume the expenses of obtaining such advice. Arrangements for obtaining such advice will be made by the mediator or the Parties, as determined by the mediator.

4) The mediator is authorized to end the mediation whenever, in the mediator's judgment, further efforts at mediation would not contribute to a resolution of the dispute between the Parties.

J. Privacy

1) Mediation sessions are private.

2) The Parties and their representatives may attend mediation sessions.

3) Other persons may attend only with the permission of the Parties and with the consent of the mediator.

K. Confidentiality

Except as provided by California or federal law or regulation:

1) The mediator will not divulge confidential information disclosed to a mediator by the Parties or by witnesses in the course of the mediation.

2) All records, reports, or other documents received by a mediator while serving as mediator, are confidential.

3) The mediator must not be compelled to divulge such records or to testify in regard to the mediation in any adversary proceeding or judicial forum.

4) The Parties must maintain the confidentiality of the mediation and must not rely on, or introduce as evidence in any arbitration, judicial or other proceedings:

a. Views expressed, or suggestions made by the other Party with respect to a possible settlement of the dispute;

b. Statements made by the other Party in the course of the mediation proceedings;

c. Proposals made or views expressed by the mediator; and

d. Whether the other Party had or had not indicated willingness to accept a proposal for settlement made by the mediator.

L. No Stenographic Record

There shall be no stenographic record of the mediation.

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M. Termination of Mediation

The mediation shall be terminated:

1) By the execution of a Settlement Agreement by the Parties;

2) By a written declaration of the mediator to the effect that further efforts at mediation are no longer worthwhile; or

3) By a written declaration of a Party or Parties to the effect that the mediation proceedings are terminated.

N. Exclusion of Liability

No mediator shall be a necessary Party in judicial proceedings related to the mediation.

O. Interpretation and Application of These Mediation Provisions

The mediator will interpret and apply these mediation provisions insofar as they relate to the mediator's duties and responsibility.

P. Expenses

1) The expenses of witnesses for each Party must be paid by the Party producing the witnesses.

2) All other expenses of the mediation, including required travel and other expenses of the mediator, and the expenses of any witness called by the mediator, or the cost of any proofs or expert advice produced at the direct request of the mediator, will be apportioned as the mediator finds appropriate or as otherwise agreed to by the Parties.

5. Compensation for Participation in Mediation

Neither Consultant nor Valley Water is entitled to compensation for time spent in or for negotiations or mediation to resolve questions or disputes between Consultant and Valley Water arising out of this Agreement.

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX THREE
TASK ORDER TEMPLATE

Task Order No. _____

Title: _____

Agreement: Standard On-Call Consultant Agreement _____ (Agreement) by and between the Santa Clara Valley Water District (Valley Water) and _____ (Consultant), dated _____.

Valley Water: _____

Consultant: _____

Dollar Amount of Task Order: Not-to-Exceed $_____

1. Upon full execution of this Task Order No. _____, as set forth in the Standard On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders, and the issuance of a Notice to Proceed by the Valley Water Project Manager, Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by Consultant before this Task Order is executed or before the issuance of the Notice to Proceed will be considered outside the contracted Scope of Services and will not be eligible for payment.

2. Both the Scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:

   A. Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to Valley Water;

   B. The total not-to-exceed fees amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification;

   C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees;

   D. The distribution detail for each service, direct cost, and reimbursable expense. This information must be included in the invoice for the services authorized pursuant to this Task Order; and

   E. Project schedule for completing the Scope of Services.

3. Consultant shall be compensated at fixed fees or at the hourly rates established in Schedule OC, Attachment One, Fees and Payments. Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.

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4. This Task Order becomes effective on the date of full execution by authorized representatives of the Parties and remains in effect until the earlier of: completion of the tasks set forth in Attachment A or [expected completion date].

5. Copies of applicable local, state and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless Consultant previously provided the appropriate permits to Valley Water.

6. Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the Terms and Conditions of the Agreement.

7. Prevailing Wage Requirements [NOT USED]

   A. The Scope of Services described in this Task Order is considered by Valley Water to be "Public Works" requiring the payment of prevailing wages. See the Standard On-Call Consultant Agreement, Section Four, Fees and Payments, subsection 3. Prevailing Wages.

   B. In accordance with prevailing wage laws, the Director of the California Department of Industrial Relations (Director) has ascertained the general prevailing rate of wages and employer payments for health and welfare, pension, vacation, and similar purposes available to the particular craft, classification, or type of workers employed on the Project. These rates are set forth in the latest determination obtained from the Director, which is on file in Valley Water's Office of the Clerk of the Board of Directors and incorporated herein by reference the same as though set forth in full. The rates are also available on the State of California Department of Industrial Relations website at http://www.dir.ca.gov.

8. Signatures:

Signature: _____ _____
[NAME OF CONSULTANT FIRM] DATE
[PRINT NAME]
[PRINT TITLE]

Signature: _____ _____
SANTA CLARA VALLEY WATER DISTRICT DATE
[PRINT NAME]
[PRINT TITLE]

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STANDARD ON-CALL CONSULTANT AGREEMENT
APPENDIX FOUR
INSURANCE REQUIREMENTS – CONSULTANT

Please Note: Failure to comply with the instructions below could result in a delay in receiving the Notice to Proceed. Santa Clara Valley District ("District" or "Valley Water"), will not be responsible for time lost or costs incurred due to failure to comply with these requirements. Please note the checklist of documents needed at the end of this document.

Without limiting the Consultant's indemnification of, or liability to, Valley Water, the Consultant must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions as listed below.

Consultant must provide its insurance broker(s)/agent(s) with a copy of these requirements and warrants that these requirements have been reviewed by Consultant's insurance agent(s) and/or broker(s), who have been instructed by Consultant to procure the insurance coverage required herein.

In addition to certificates, Consultant must furnish Valley Water with copies of all original endorsements affecting coverage required by this document. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All endorsements and certificates are to be received and approved by Valley Water before the Agreement is executed**. In the event of a claim or dispute, Valley Water has the right to require Consultant's insurer to provide complete, certified copies of all required pertinent insurance policies, including endorsements affecting the coverage required by this document.

If your insurance broker has any questions about the above requirements, please advise him/her to email Valley Water Risk Manager at RiskManager@valleywater.org.

Certificates of Insurance

The consultant shall furnish Valley Water with a Certificate of Insurance. The certificates will be issued on a standard ACORD Form.

Consultant shall instruct their insurance broker/agent to submit all insurance certificates and required notices electronically in PDF format to the designated Valley Water Contract Administrator and email a copy to **certificatesupport@evidentid.com** .

The certificates will:

1. Identify the underwriters, the types of insurance, the insurance limits, the deductibles and the policy term.

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2. Include copies of all the actual policy endorsements required herein; and
3. In the "Certificate Holder" box include:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118
Agreement No. XXXXX
PlanetBid No. VW0594

IMPORTANT: The Agreement number and/or PlanetBid number must be included.

In the Description of Operations/Locations/Vehicles/Special Items Box:

1. Certificate Holder shall be named as Additional Insured, and any other policy endorsement required in the contract, for example, Waiver of Subrogation and Primary and Non-Contributory shall be stated.
2. Valley Water agreement or project number shall appear.
3. The list of policies scheduled as underlying on the Umbrella policy shall be listed.

If Consultant receives any notice that any of the insurance policies required by this document may be cancelled or coverage reduced for any reason whatsoever, Consultant or insurer shall immediately provide written notice to the designated Valley Water Contract Administrator that such insurance policy required is canceled or coverage is reduced.

Maintenance of Insurance

If Consultant fails to maintain such insurance as is called for herein, Valley Water, at its option, may suspend payment for work performed and/or may order Consultant to suspend all Consultant's work at Consultant's expense until a new policy of insurance is in effect.

Renewal of Insurance

Consultant will provide Valley Water with a current Certificate of Insurance and endorsements thirty (30) business days prior to the expiration of insurance.

Consultant shall instruct its insurance broker/agent to:

1. Submit all renewals of insurance certificates and required notices electronically in PDF format to:

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2. Provide the following information in the "Certificate Holder" box:

   Santa Clara Valley Water District
   5750 Almaden Expressway
   San Jose, CA 95118
   Agreement No. XXXXX
   PlanetBid No. VW0594

   IMPORTANT: The Agreement number and/or PlanetBid number must be included.

Consultant must, at its sole cost and expense, procure and maintain during the entire period of this Agreement, or for such other time as required herein, the following minimum insurance coverage(s).

Required Coverages

1. **Commercial General/Business Liability Insurance** which shall be written on an occurrence basis with coverage as indicated below:

   $2,000,000 per occurrence / **$2,000,000** aggregate limits for bodily injury, personal and advertising injury, and property damage.

   General Liability insurance must include without limitation:

   a. Be written on standard ISO forms or inspected and approved by the Risk Manager.
   b. Include coverage at least as broad as found in standard ISO form CG 00 01.
   c. Contractual Liability expressly including liability assumed under this contract.
   d. Severability of Interest provision.
   e. Products-Completed Operations coverage.
   f. Broad Form Property Damage liability
   g. Include Premise and Operations
   h. An endorsement covering damage to property in the care, custody, or control of the Consultant.

2. **Business Auto Liability Insurance** with coverage as indicated:

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$1,000,000 combined single limit for bodily injury and property damage per occurrence, covering all owned, non-owned and hired vehicles.

3. **Professional/Errors and Omissions Liability** with coverage shall include without limitation:

$1,000,000 per claim/ **$2,000,000** aggregate.
If the policy has a self-insured retention (SIR), it shall not exceed one hundred thousand dollars ($100,000), unless expressly approved by Valley Water.

Professional/Errors and Omission Liability appropriate to the Consultant's profession, and the policy shall include:

a. Covers claims related to errors, omissions, or negligence in the delivery of professional services.
b. Includes defense costs, settlements and judgements arising from covered claims.
c. Coverage may be written on a claims-made form. If coverage is on a claims-made basis, the coverage must be maintained for at least 5 years after all Services under this Agreement are complete.
d. To the fullest extent permitted by law, contractual liability coverage for liability assumed under contract, for the indemnity obligations forth in this Agreement.
e. The policy must have a retroactive date which is the same as or predates the execution of this Agreement.

4. **Workers' Compensation and Employer's Liability Insurance**

Statutory California Workers' Compensation coverage covering all work to be performed for Valley Water.

Employer Liability coverage for not less than $1,000,000 each accident; $1,000,000 policy limit bodily injury by disease; $1,000,000 each employee bodily injury by disease.

5. **Cyber Liability**

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$1,000,000 per claim/ **$2,000,000** aggregate.

a. Liability arising from the unauthorized access to, disclosure, acquisition, loss, dissemination and/or use of Confidential Information. For purposes of this section, "Confidential Information" shall include but not limited to, personally identifiable information (PII), protected health information (PHI), financial accountant information, security codes, access codes, passwords, security codes or personal identification numbers (PINS), and any other information protected by the Agreement or applicable privacy laws;
b. Costs arising from mandatory or contractual notifications related to unauthorized access, disclosure, acquisition, loss, or use of confidential information and related mitigation costs, including but not limited to, credit monitoring, identity theft protection services, call center support, forensic investigation, legal fees, and regulatory fines or penalties imposed under the California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), or other applicable privacy and data protection laws;
c. Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks and ransomware coverage.
d. Liability arising from the introduction of a computer virus into or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network, or similarly related property and the data, software and programs thereon.
e. Certificate of Insurance shall clearly state that the coverage is claims-made.
f. Policy retroactive date must coincide with or precede the Consultant's start of work (including subsequent policies purchased as renewals or replacements).
g. Policy must allow for reporting of circumstances or incidents that might give rise to future claims.
h. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.

General Requirements

With respect to all coverages noted above, the following additional requirements apply:

1. **Additional Insured Endorsement(s):** Consultant must provide an additional insured endorsement for Commercial General/Business Liability (for both on-going and completed operations) Pollution Liability, and Business Automobile liability coverage naming **Valley Water, its Directors, officers, employees, and agents, individually and collectively,** as additional insureds, and must provide coverage for acts, omissions, and negligence

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arising out of the named insureds' activities and work. Other public entities may also be added to the additional insured endorsement as applicable, and the Consultant will be notified of such requirement(s) by Valley Water. This section does not apply to the Workers' Compensation, Cyber Liability, and Professional Liability policies.

(**NOTE:** Additional insurance on the Certificate of Insurance is **NOT** acceptable without separate endorsement such as Form CG 20 10, CG 2033, CG 2037, CG 2038, and applicable endorsements for Waivers of Subrogation (CG 24 04) and Primary & Non-contributory (CG 20 01). Editions dated 07/04 are not acceptable.)

2. **Primacy Clause:** Except for Workers' Compensation and Professional Liability, Consultant will provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that consultant's insurance is primary with respect to any other insurance which may be carried by Valley Water, its Directors, its officers, agents and employees, and Valley Water's coverage must not be called upon to contribute or share in the loss. **NOTE:** This section does not apply to the Workers' Compensation or Professional Liability policies.

3. **Cancellation Clause**: Consultant or its insurer shall provide at least thirty (30) days prior written notice to Valley Water of cancellation of any insurance required under this Agreement.

4. **Acceptability of Insurers:** All coverages must be issued by companies admitted to conduct business in the State of California, which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by Valley Water's Risk Manager. Non-Admitted companies may be substituted on a very limited basis at the Risk Manager's sole discretion.

5. **Self-Insured Retentions or Deductibles:** Any deductibles or self-insured retentions must be declared to and approved by Valley Water. At the option of Valley Water, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Valley Water, its officers, officials, employees and volunteers; or the Consultant shall provide evidence satisfactory to Valley Water of its financial ability to satisfy the SIR. Consultant agrees that in the event of a claim they will pay down any agreed upon SIR in a prompt manner as soon as bills are incurred in order to trigger the insurance related to the SIR.

6. **Subconsultants:** The Consultant shall secure, maintain or shall be responsible for ensuring that all subconsultants performing the Contract Services secure and maintain all insurance coverages appropriate to their tier and scope of work in a form and from insurance companies reasonably acceptable to Valley Water.

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7. **Amount of Liability not Limited to Amount of Insurance:** The insurance procured by Consultant for the benefit of Valley Water must not be deemed to release or limit any liability of Consultant. Damages recoverable by Valley Water for any liability of Consultant must, in any event, not be limited by the amount of the required insurance coverage.

8. **Coverage to be Occurrence Based: Except** for Professional Liability and Pollution Liability, all coverage must be occurrence-based coverage. Claims-made coverage is not allowed.

9. **Waiver of Subrogation:** Consultant agrees to waive subrogation against Valley Water to the extent any loss suffered by Consultant is covered by any Commercial General Liability policy, Automobile policy, Workers' Compensation, and Pollution Liability policy described in **Required Coverages** above. Consultant agrees to advise its broker/agent/insurer and agrees to provide evidence (either through the Certificate of Insurance, endorsement or language in the insurance policy) that subrogation has been waived by its insurer.

10. **Severability of Interest**. Except for Workers' Compensation and Professional Liability, a severability of interest must apply to all the additional insureds, ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability.

11. **Non-compliance:** Valley Water reserves the right to withhold payments to the Consultant in the event of material noncompliance with the insurance requirements outlined above.

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LIST OF DOCUMENTS NEEDED

General Liability:	A.	Limits **($2,000,000/$2,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Auto Liability:	A.	Limits **($1,000,000)**	
	B.	Additional Insured (Endorsement)	
	C.	Waiver of Subrogation (COI, Endorsement or policy language)	
	D.	Primacy (COI, Endorsement or policy language)	
	E.	Cancellation Endorsement	
Umbrella:	A.	Limits ($ enter amount $)	
	B.	Primacy (Endorsement or policy language)	
Workers Comp:	A.	Limits **(Statutory)** Employers' Liability **($1,000,000)**	
	B.	Waiver of Subrogation (Endorsement or policy language)	
	C.	Cancellation Endorsement	
Professional Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	
Cyber Liability:	A.	Limits **($1,000,000/$2,000,000)**	
	B.	Cancellation Endorsement	

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SCHEDULE OC
ON-CALL SCOPE OF SERVICES

1. Representatives

A. Valley Water's representatives are as listed below. Unless otherwise provided in this Agreement, all correspondence to Valley Water shall be addressed to Valley Water Project Manager (VWPM).

Michael Martin (VWPM)
Senior Water Resources Specialist
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3095
Email: michaelmartin@valleywater.org

Kurt Lueneburger
Environmental Services Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.3055
Email: klueneburger@valleywater.org

John Bourgeois
Deputy Operating Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638

Phone: 408.630.2290
Email: jbourbeois@valleywater.org

B. Consultant's Project Manager is as listed below. All Valley Water questions pertaining to this Agreement shall be referred to the Consultant's Project Manager.

Alex Hunt
Principal
Rincon Consultants, Inc.
80 Garden Court, STE 240
Monterey, CA 93940

Phone: (831) 753-8105
Email: ahunt@rinconconsultants.com

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C. Consultant's Principal Officer for this Agreement is as listed below. As per the Agreement, Section Twelve, Miscellaneous Provisions, subsection 21. Notices, all notices pertaining to this Agreement must be submitted to the Consultant's Principal Officer.

Jennifer Jacobus, PhD
Principal
Rincon Consultants, Inc.
250 1st Street #1400
Los Angeles, CA 90012

Phone: (213) 377-5647
Email: jjacobus@rinconconsultants.com

2. Scope of Services

A. The Consultant will perform environmental planning and permitting services for Valley Water projects and programs to provide environmental compliance with the California Environmental Quality Act (CEQA) and other state and federal environmental regulations. Consultant's services will be requested on an "as-requested" or "as-needed basis" to assist Valley Water in accomplishing capital, maintenance, replacement, mitigation, and stewardship projects in a timely manner. Valley Water may request services from the Consultant at any time during the term of this Agreement and by staff at different levels of experience and expertise.

B. The scope of On-Call services may include tasks as described below:

1. Project Management
2. Development of goals and objectives, and Project Descriptions
3. Conducting environmental investigations, surveys and studies for environmental factors required by CEQA or NEPA.
4. Providing CEQA and/or NEPA analysis and documentation for Valley Water capital projects and operational programs.
5. Provide assistance with regulatory compliance processes.
6. Development of mitigation plans.

C. Valley Water entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) for various projects that this on-call contract may support. The WIFIA established a federal credit program (WIFIA program) authorizing EPA to provide direct loans and loan guarantees to eligible borrowers for water infrastructure projects. All contracts issued for a project receiving a WIFIA loan are subject to federal requirements review as part of the WIFIA program's

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compliance monitoring responsibilities. Because the WIFIA loan proceeds may be used to pay for the Services rendered pursuant to this Agreement, Consultant is required to adhere to certain federal contract provisions, which are attached hereto as Exhibit A, Federal Requirements to Appendix One, Additional Legal Terms, and incorporated into the Agreement by this reference. Consultant agrees to adhere to such applicable Federal Contract Provisions.

3. Agreement Objectives

Valley Water implements capital projects and operational programs to meet its mission in water supply, flood protection, and watershed stewardship. The on-call services provided pursuant to this Agreement will augment the services of Valley Water staff and provide specific environmental planning and permitting expertise as needed.

All services required pursuant to this Agreement will be provided only on an as-needed/as-requested basis by the issuance of a Task Order by Valley Water to the Consultant. A specific scope will be developed for each task order which will define the deliverables for a total not-to-exceed amount. No work is authorized without a task order. The Consultant will perform services on a Task Order basis as authorized by the VWPM, as set forth in the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

4. Background

The mission of Valley Water is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

Valley Water is a public agency providing water supply, flood protection, groundwater management, and stream stewardship by managing an integrated water resources system on behalf of Santa Clara County's 2 million residents. Valley Water manages ten dams and surface water reservoirs, three water treatment plants, a state-of-the-art water quality laboratory, and more than 275 miles of streams. For information about Valley Water, visit www.valleywater.org.

5. Intent

A. Valley Water intends to retain up to five consultants to perform on-call environmental planning and permitting services for a four-year term with the option of a one (1) year extension, if it is in the best interest of Valley Water. Task orders will be issued on a competitive basis when conflicts of interest do not exist. There is no guarantee of any amount of work that will be given to the selected firms. One or more of the selected firms will start up to one year later to provide flexibility and coverage at the end of the agreement term.

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B. The deliverables, number of staff hours and proposed staff for each Task Order will depend on the nature and scope of services requested by Valley Water. The not-to-exceed fees of each Task Order will be negotiated with the services provided.
C. Consultant may be awarded multiple Task Orders pursuant to this agreement, for the same Valley Water Project.
D. The Consultant will not be eligible to bid on future design services or construction projects for which they provided services if it creates a conflict of interest as discussed below.
E. Conflict of Interest. In addition to Valley Water's General Terms and Conditions, the following will apply with regard to conflict of interest:
   1) Consultant is precluded from performing services for any other entity, or in any other capacity for Valley Water, on the same Valley Water project, for which a Task Order has been issued.
   2) Task Orders will be voided when the Consultant cannot perform the Services due to a conflict of interest.
   3) Consultant must bring any conflict of interest to Valley Water's attention as soon as the Consultant is aware of the potential conflict.
   4) If Consultant is already performing services on a Valley Water project, unrelated to this Agreement, in any capacity, a Task Order related to that project will not be issued pursuant to this Agreement.

6. Assumptions and Requirements

A. General Assumptions and Requirements

1) **Manage Scope of Services**. Consultant shall manage the Scope of Services such that the work is completed within the Not-to-Exceed Fees limit and schedule for each Task Order and ensure that all services and deliverables meet Valley Water and Project requirements.

2) **Deliverable Format**. Consultant shall submit deliverables in both electronic and hardcopy format, if requested. Deliverables shall be submitted in PDF and native (editable) format, including Word documents, Excel spreadsheets, PowerPoint files, Autodesk files, etc. Valley Water may require original copies of signed documents and/or scanned (Adobe PDF) versions.
   a. Valley Water Standardization Requirements
      (1) Consultant shall perform the Services utilizing Valley Water nomenclature, standardized forms, software requirements, documented procedures, and best management practices. Consultant shall use Microsoft Office software and Autodesk Civil 3D software that is compatible with Valley Water's current Microsoft Office software and Autodesk software used at the time(s) Valley Water issues a Notice to Proceed for each Task Order pursuant to this Agreement.

      (2) Engineering drawings prepared by Consultant must be in compliance with Valley Water's Computer-Aided Design and Drafting (CADD) standards including line types, line weights, text sizes, text orientation, dimensioning,

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labeling/numbering system for detailed plan views and detailed section views. Drawings prepared using different CADD software and versions must be converted to be compatible with Valley Water's CADD software at no additional cost to Valley Water. Prior to acceptance, Valley Water reserves the right to test the submitted CADD files to verify that the files are not corrupted or missing linkages (for blocks, etc., used in the drawings) and that the standards are retained during the conversion process used by the Consultant.

(3) Spatial data shall be provided as requested consistent with Valley Water Standards for GIS Products dated April 2021, or as subsequently amended.

3) **Review of Deliverables**. Valley Water will review and comment on all Project deliverables and forward to the Consultant for revision and preparation of final versions. As determined by Valley Water, some of the deliverables may also be subject to review and comment from regulatory agencies and stakeholders following Valley Water review process.

4) **Valley Water Quality Environmental Management System**. Valley Water maintains a Quality Environmental Management System (QEMS) which has procedures, guidelines, and work instructions for the performance of various Valley Water work. If requested, Consultant will perform the applicable Agreement tasks and/or subtasks in accordance with the QEMS framework. In such situations, the VWPM will provide the Consultant with the specific QEMS procedure, guidelines, and/or work instruction prior to the production of deliverables.

5) **Consultant Responsibility**. Consultant, with its expertise in performing the Services described herein, is responsible for making the appropriate assumptions in each task to complete deliverables and to achieve the objectives of this Agreement and for each Task Order.

6) **Document Control.** Consultant is responsible for establishing and maintaining its own document control system to execute this Scope of Services. An internal document control system is maintained by Valley Water.

7) **File Exchange Service.** Consultant will provide a file exchange service, accessible to all parties as designated by Valley Water, to facilitate communications; particularly of large files (over 3 megabytes). Any difficulties using and transmitting information with this exchange service shall be resolved by the Consultant. In the event that transmitting or receiving information does not occur in a timely manner, Valley Water will not be responsible for delays in completing Project work. Consultant may need to coordinate with Valley Water's Information Technology Division to address any firewall issues and/or permissions required to allow for these communications.

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8) **Quality Assurance / Quality Control (QA/QC) Program.**

a. Consultant will develop and implement ongoing, proven QA/QC procedures. Consultant will implement a formal Quality Management Program to ensure that Valley Water receives quality-controlled deliverables. The Program will include quality control checks of calculations and work products, as well as quality assurance reviews and documentation of the quality control process. Consultant's QA/QC procedures will include a review of all deliverables using appropriately qualified technical resources and advisors.

b. The QA/QC procedures must include details and methodology for reviewing documents, including technical memos, and cost estimates. Reviews will be assigned, and sign-off procedures will be documented.

c. Consultant must maintain records that demonstrate that quality reviews were performed on Consultant and Subconsultant deliverables.

7. Scope of Services Tasks Orders

The Valley Water Project Manager will identify and communicate the applicable objectives, tasks, and services for each Task Order to the Consultant which may be based on tasks listed below. With an understanding of the tasks and services required, the Consultant will prepare a draft Task Order proposal in accordance with the On-Call Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 13. Task Orders.

Project Management

The Consultant shall manage the overall Scope of Services, and services identified for individual Task Orders, such that the work is completed within the not-to-exceed fees limit and in accordance with the Project Schedule stated in each Task Order, while ensuring that all services and deliverables by the Consultant meet Valley Water requirements. The Consultant will identify the project control activities, regular check-in meetings, schedule, QA/QC procedures, and other management and coordination necessary to successfully complete the Task Order. Assumptions and deliverables will be established for each Task Order.

Development of Project Description

Consultant may develop the formal project description of capital projects or operational programs. This work may include:

- Development of problem definitions, goals and objectives

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- Analysis of existing data and information or otherwise compiling data and information relevant to the project
- Preparation of base maps and other figures
- Screening alternatives

Environmental Investigations, Survey, and Studies

Consultant may conduct environmental studies in support of CEQA/NEPA analysis and/or permitting for capital projects or operational programs. Examples of studies that may be requested include (but is not limited to):

- Research and documentation of the regulatory setting.
- Biological Resources – surveys for sensitive species, wetland delineations.
- Noise - noise monitoring, modeling noise impacts from construction equipment and operations.
- Traffic - establishing baseline conditions, modeling trip generation.
- Visual - developing visual simulations or evaluating visual impacts.
- Air Quality – establishing baseline condition, modeling construction related emissions, greenhouse gas emissions, evaluating health risks from emissions.
- Hydrology/Hydraulics - creek flow, flood risk, sediment transport, stormwater.
- Cultural / Tribal Resources – conducting records searches, conducting pedestrian surveys, evaluating historic resources, coordinating monitoring, and preparing cultural resource reports and DPR Forms 523.
- Wildfire – conducting hazard risk assessments.
- Hazards / Hazardous Materials – Records searches and conducting site assessments.
- Socioeconomic factors

Environmental Evaluation

Consultant may prepare environmental analyses in support of capital projects or operational programs. This work may include:

- Providing expert review and technical advice to address special environmental planning needs.
- Preparation of documents required by the California Environmental Quality Act (CEQA) such as Initial Studies, Mitigated Negative Declarations, Environmental Impact Reports, and supplemental and subsequent documents.
- Development of documents under the National Environmental Policy Act (NEPA).
- Support of public outreach under CEQA such as scoping meetings and public hearings.
- Preparation of response to public comments.
- Preparation of findings required under CEQA.

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- Preparation and maintenance of the administrative record

Regulatory Permitting Assistance

Consultant may support natural resource agency regulatory permitting and consultation activities for capital projects or operational programs with the United States Army Corp of Engineers (USACE); United States Fish and Wildlife Service (USFWS); National Marine Fisheries Service (NMFS); Valley Habitat Agency (VHA); California Department of Fish and Wildlife (CDFW); State Office of Historic Preservation (SHPO); Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Boards (RWQCB) and the State Water Resources Control Board (SWRCB). Requested work may include (but is not limited to):

- Preparation of draft and final permit applications and materials, including supporting technical documentation.
- Provide support to Valley Water during permit negotiations. This support may take the form of providing expert review and strategizing with Valley Water, preparing handouts and/or displays, attending meetings to answer questions and/or give short presentations.
- Cultural and Historic Resources permitting and consultation. Under direction of Valley Water, the consultant will develop applicable technical materials for compliance with Section 106 of the National Historic Preservation Officer (SHPO) as applicable.
- Provide documentation associated with Valley Habitat Plan (VHP) compliance requirements including but not limited to ground cover verification, completion of draft and final VHP reporting forms, calculations of applicable fees.

Mitigation Plans

The Consultant may develop mitigation plans, monitoring plans, or similar for projects and programs to meet mitigation and permit requirements.

8. Attachments

The following Standard Consultant Agreement listed Attachments are incorporated herein by this reference as though set forth in full:

Attachment One - Fees and Payments
Attachment Two - Schedule of Completion
Attachment Three - Consultant's Key Staff and Subconsultants
Attachment Four - Reference Materials

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

1. Total Authorized Funding

Total payment for Services performed, to the satisfaction of Valley Water, as described in the Schedule(s) will not exceed a total amount of **$3,000,000** Not-to-Exceed Fees or NTE. Under no conditions will the total compensation to the Consultant exceed NTE payment amount without prior written approval in the form of an amendment to this Agreement executed by Valley Water's Board of Directors (Board), or Chief Executive Officer, or designee, as authorized by the Board. The NTE also represents an Aggregate Fee amount that shall apply to each On-Call Agreement awarded for on-call environmental planning and permitting services. There is no guarantee of any particular amount of compensation to Consultant under this Agreement.

2. Terms and Conditions

A. Payments for services performed which applies to the specific Services, will be based on the following terms:

1) Valley Water will pay for Services provided by the Consultant according to the schedule of rates for professional, technical, and administrative personnel as well as materials and supplies as listed below in the Hourly/Unit Rate Schedule.

2) The stated hourly rates are effective for the term of this Agreement unless otherwise revised as indicated. After 12 months from the date this Agreement is entered into by parties ("anniversary date"), and each 12 months thereafter, these hourly rates may be negotiated by the Consultant and Valley Water, provided Consultant submits written notice to Valley Water of Consultant's request to revise the hourly rates 90 calendar days prior to the anniversary date of this Agreement. Both parties will use as a benchmark for negotiations the percent change for the previous 12 months of the "Employment Cost Index (ECI), for total compensation for private industry workers, for the San Francisco-Oakland-San Jose, CA CSA Census region and metropolitan area (not seasonally adjusted)" as published by the U.S. Department of Labor, Bureau of Labor Statistics, or 2%, whichever is less. A negative index will result in rates remaining the same. Such rate revisions are subject to written approval by Valley Water's Deputy Operating Officer.

B. **Reimbursable Expenses**

1) All reimbursable expenses not already covered in overhead may include, but are not limited to, mapping, rendering, printouts, leased equipment, mailing and delivery services, printing services, film and processing, plotting, and supplies. These other direct expenses as approved by Valley Water Project Manager (VWPM) will be billed on a monthly basis at actual cost plus 5% linked to each Agreement Task, provided that the Task total NTE amount is not exceeded. Consultant shall provide detailed receipts for each other direct expense item(s) with monthly invoices submitted. No

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markup will be applied to reimbursable expenses, either by the Consultant or by its subconsultants, subcontractors, or vendors. Consultant shall provide invoices for all such services regardless of cost.

2) Equipment purchased on behalf of Valley Water that costs $50 or more must receive the prior written approval of Valley Water Project Manager (VWPM). All equipment purchased on behalf of Valley Water and paid for by Valley Water shall become the property of Valley Water and be delivered to Valley Water prior to expiration of this Agreement.

3) Travel expenses are reimbursed at actual costs. Travel and overnight accommodations, including per diem, required for performance of this Agreement will be paid at reasonable cost not to exceed the U.S. General Services Agency Per Diem Rates for Sunnyvale/Palo Alto/San Jose, California area, provided prior approval has been obtained from Valley Water Project Manager (VWPM). For air travel, Valley Water will pay the cost of a coach class or equivalent ticket. Where air travel is required, Valley Water will pay the total cost of taxi, rideshare, public transportation, or a rental car, which may include insurance, gas, car fee, and taxes and will be paid at the actual costs incurred. Vehicle rental is limited to a compact or economy model, unless prior approval has been obtained from Valley Water Project Manager (VWPM) for a different type of vehicle.

4) Expenses incurred by the Consultant, including for Subconsultants, subcontractors and vendors, including lab services, will be reimbursed at actual cost plus 5%. Consultant shall provide invoices for all such services regardless of cost. The 5% markup will be applied only once, either by the Consultant or by its subconsultants, subcontractors, or vendors.

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

HOURLY/UNIT RATE TABLE

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Consultant: Rincon Consultants, Inc.	
Senior Principal	$387.60
Principal	$321.98
Director	$275.51
Senior Supervisor II	$241.73
Supervisor I	$231.23
Senior Professional II	$204.67
Senior Professional I	$175.13
Professional IV	$160.86
Professional III	$139.59
Professional II	$126.48
Professional I	$109.92
Associate III	$122.54
Associate II	$107.64
Associate I	$94.39
Field Technician	$92.73
Technical Editor	$102.70
Project Accountant	$189.34
Billing Specialist	$103.73
Publishing Specialist	$119.52
Subconsultant: H.T. Harvey & Associates	
Principal	$339.14
Senior Associate Ecologist	$223.27
Associate Ecologist	$205.43
Senior Ecologist 2	$188.91
Senior Ecologist 1	$173.61
Ecologist 2	$158.75
Ecologist 1	$144.34
Field Biologist 2	$131.55

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Field Biologist 1	$119.65
Senior GIS Analyst	$190.18
GIS Analyst	$145.68
GIS Technician	$119.65
Senior Technical Support	$167.36
Technical Support	$112.59
Clerical	$73.10
Subconsultant: Hexagon Transportation Consultants	
President	$356.12
Principal	$295.69
Senior Associate II	$259.16
Senior Associate I	$232.41
Associate II	$209.82
Associate I	$178.20
Planner/Engineer II	$150.24
Planner/Engineer I	$119.94
Assistant Planner/Engineer	$104.95
Admin/Graphics	$121.46
Technician	$89.96
Subconsultant: Stillwater Sciences	
Principal-in-charge	$295.52
Principal Scientist/Engineer	$236.65
Senior Scientist/Engineer	$212.83
Associate Scientist/Engineer	$202.84
Assistant Scientist/Engineer	$171.60
Scientist II	$156.26
Scientist I	$137.53
Senior Technician II	$115.66
Senior Technician I	$103.84
Technician/Administrative	$93.12
Subconsultant: Schaaf & Wheeler Consulting Engineers	
Project Manager	$387.60

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SCHEDULE EP
ATTACHMENT ONE
FEES AND PAYMENTS

CLASSIFICATION/STAFF	HOURLY/ UNIT RATE
Senior Engineer	$215.97
Associate Engineer	$176.30
Assistant Engineer	$138.84
Junior Engineer	$117.53
Subconsultant: Environmental Vision	
Principal Visual Analyst	$165.11
Visual Analyst	$114.95

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SCHEDULE EP
ATTACHMENT TWO
SCHEDULE OF COMPLETION

1. This Agreement commences on the Effective Date, subject to accomplishment of all conditions to formation of an agreement listed in the Standard Consultant Agreement, Section Twelve, Miscellaneous Provisions, subsection 2. Formation of Agreement.

2. This Agreement expires 4 years after the Effective Date, unless Valley Water, at its sole discretion, extends the term of the Agreement by exercising its one (1) one-year option period. An extension of the term of this Agreements must be in the form of a written amendment and signed by both Parties.

3. Each Task Order will state the schedule for Consultant's performance of that Task Order.

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

1. Consultant's key staff assigned to the Project are as follows:

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Jennifer Jacobus, PhD	Principal	Principal-in-Charge	250 East 1st Street, Suite 1400 Los Angeles, CA 90012 213-377-5647 jjacobus@rinconconsultants.com
Alex Hunt	Principal	Contract Manager, Project Manager	80 Garden Court, Suite 240 Monterey, CA 93940 831-753-8105 ahunt@rinconconsultants.com
Kelsey Bennett, LEED-AP	Director	Project Manager	66 Franklin Street, Suite 300 Oakland, CA 94607 510-356-2497 kbennett@rinconconsultants.com
Kayleigh Limbach		Project Manager	80 Garden Court, Suite 240 Monterey, CA 93940 831-753-3190 klimbach@rinconconsultants.com
Colby Boggs	Principal	Biological Resources Lead	899 Pacific Street San Luis Obispo, CA 93401 805-250-8491 CBoggs@rinconconsultants.com
Josh Carman	Principal	Technical Services Lead	66 Franklin Street, Suite 300 Oakland, CA 94607 510-356-2811 jcarman@rinconconsultants.com
Margo Nayyar	Principal	Cultural Resources Lead	601 University Avenue, Suite 221 Sacramento, CA 95825 916-282-3694 mnayyar@rinconconsultants.com
Kassandra Gale	Director	Public Outreach Lead	4589 North Marty Avenue, Suite 102 Fresno, CA 93722 559-558-5875 kgale@rinconconsultants.com

SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Team Member	Classification	Project Role	Contact Information (Address, Phone and Email)
Ryan Thacher, PhD, PE	Principal	Water Resources Lead	250 East 1st Street, Suite 1400 Los Angeles, CA 90012 213-254-3733 rthacher@rinconconsultants.com

2. The following Subconsultants and Subcontractors are authorized to perform Services pursuant to this Agreement:

Firm	Project Role	Contact Information (Address, Phone and Email)
H.T. Harvey & Associates	Terrestrial Biology and Permitting	Contact: Steve Rottenborn 720 University Ave # 200 Los Gatos, CA 95032 408-722-0931 srottenborn@harveyecology.com
Stillwater Sciences	Fisheries, Hydrology, and Permitting	Contact: Katherine Ayres 2855 Telegraph Avenue Suite 400 Berkeley, CA 94705 916-964-9173 kayres@stillwatersci.com
Schaaf & Wheeler Consulting Engineers	Hydrology, Flood Risk, Project Development	Contact: Chuck Anderson 4699 Old Ironsides Drive Suite 350 Santa Clara, CA 95054 408-246-4848 info@swsv.com
Hexagon Transportation Consultants, Inc.	Transportation	Contact: Gary Black 100 Century Center Court Suite 501 San Jose, California 95112 408-971-6100 gblack@hextrans.com

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SCHEDULE EP
ATTACHMENT THREE
CONSULTANT'S KEY STAFF AND SUBCONSULTANTS

Firm	Project Role	Contact Information (Address, Phone and Email)
Environmental Vision	Aesthetics and Visual Simulation	Contact: Chuck Cornwall 1168 Glen Avenue Berkeley, CA 94708 510-540-4882 cc@environmentalvision.com

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SCHEDULE OC
ATTACHMENT FOUR
REFERENCE MATERIALS

Ref No.	Description
1	Santa Clara Valley Water District Non-Disclosure Agreement (NDA) (FC 1650)
2	Santa Clara Valley Water District (Valley Water) Standards for GIS Products April 2021 version: http://gis.valleywater.org/Download/GIS_PRODUCT_STANDARDS.pdf

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Santa Clara Valley Water District

File No.: 26-0461

Agenda Date: 5/12/2026
Item No.: 10.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Adopt a Resolution Approving the Updated Benefits for Unclassified Employees in the Executive Service. (Continued from April 28, 2026)

RECOMMENDATION:
Adopt the Resolution APPROVING BENEFITS FOR UNCLASSIFIED EMPLOYEES IN THE EXECUTIVE SERVICE (January 1, 2026, through December 31, 2029).

SUMMARY:
The Board has engaged in a strategic approach to attract, hire, and retain a high-performing and skilled workforce. In addition to classified employees represented by three bargaining groups, Santa Clara Valley Water District (Valley Water) currently employs executive employees in the Unclassified Service of Valley Water pursuant to District Personnel Ordinance 2000-01, section 2.6 ("Executive Employees"). To address similar challenges with attracting and retaining unclassified employees, the Board previously approved a Benefits for Unclassified Employees in the Executive Service (Compensation Plan).

The Unclassified Employee Benefits Guide has been updated to reflect the following changes: Four (4) paid parental leave days, four (4) paid reproductive loss days, increase in paid bereavement leave by one (1) day, increase in tuition reimbursement by $500 and an increase in Deferred Compensation Match by $1,000.

ENVIRONMENTAL JUSTICE IMPACT:
There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:
The staff estimated financial impact from the updates to benefits for unrepresented employees in the Executive Service is roughly $50,000 per year, primarily driven by the increase in Deferred Compensation Match.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: Resolution

UNCLASSIFIED MANAGER:
Patrice McElroy, 408-630-3159

BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT

RESOLUTION NO. 2026-

APPROVING THE AMENDED ATTACHMENT "A" BENEFITS FOR UNCLASSIFIED EMPLOYEES IN THE EXECUTIVE SERVICE OF THE COMPENSATION AND BENEFITS POLICY

WHEREAS, California Code of Regulations (CCR), Title 2, Section 570. 5, was adopted by CaIPERS to provide specific requirements on how public agencies should document pay rates for public employees; and

WHEREAS, on May 22, 2018, through Resolution 18-25-1, the Board approved a Compensation Plan for Unrepresented Employees in the Executive Service (July 1, 2018, through June 30, 2022), which sets forth employment benefits for these Executive employees, and set salary ranges effectively the first full pay period in July 2018, to minimize compaction issues; and

WHEREAS, on September 22, 2020, through Resolution 20-80, the Board approved the first amendment to the Compensation Plan for Unrepresented Employees in the Executive Service (July 1, 2018, through June 30, 2022); and

WHEREAS, on November 23, 2021, through Resolution 21-96, the Board approved the second amendment to the Compensation Plan for Unrepresented Employees in the Executive Services (January 1, 2022, through December 31, 2025); and

WHEREAS, the November 23, 2021 amendment erroneously included language in the Health Insurance for Retirees (Service Credit for Prior Agency Employment) provision capping prior service credit to ten years, when no such cap was intended in order to be consistent with the benefit being afforded Santa Clara Valley Water District's (Valley Water) classified employees through the Memoranda of Understanding approved on November 23, 2021; and

WHEREAS, the third amendment to the Compensation Plan corrected this error making the Health Insurance for Retirees (Service Credit for Prior Agency Employment) provision consistent with the prior service credit afforded to Valley Water's classified employees and added new benefits of legal services and financial wellness (Section V (J-K)).

WHEREAS, on June 28, 2022, through Resolution 22-0830, the Board approved the fourth amendment to the Compensation Plan for Unrepresented Employees in the Executive Service (July 1, 2018, through June 30, 2022), which sets forth employment benefits for these Executive employees, and set salary ranges effectively the first full pay period in July 2018, to minimize compaction issues;

WHEREAS, on November 22, 2022, through Resolution 22-0807, the Board approved the fifth amendment to replace the salary schedule adopted on June 28, 2022, through resolution 22-0830 and adopt the salary schedule effective November 28, 2022; and

WHEREAS, the attached Unclassified Employees Benefits Guide (Exhibit A) has been updated to reflect the following changes: Four (4) paid parental leave days, four (4) paid reproductive loss days, increase in paid bereavement leave by one (1) day, increase in tuition reimbursement

by $500 and an increase in Deferred Compensation match by $1,000, and shall amend and replace the previous guide adopted on November 22, 2022, through Resolution 22-0807.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Santa Clara Valley Water District does hereby approve and adopt amendment six of the Compensation and Benefits Policy Exhibit “A” as outlined herein and in the “Benefits Guide” and as attached hereto as Exhibit “A,” effective January 5, 2026. No other changes to the Compensation and Benefits Policy are being made at this time.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on May 12, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

_____

TONY ESTREMERA
Chair, Board of Directors

ATTEST

_____

CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A
COVERSHEET

VALLEY WATER UNCLASSIFIED EMPLOYEE BENEFITS
(EFFECTIVE 01-01-2026)

No. of Pages: 3

Exhibit Attachments: None

VALLEY WATER

Unclassified Employee Benefits

(Effective 01-01-2026)

BENEFIT	SUMMARY
Vacation	• Newly hired employees receive **224 hours (28 days/year)** of prorated vacation based on the date of hire. The prorated amount is vested immediately for the remainder of the fiscal year and is available for use upon approval of the employee's Appointing Authority. Starting the following fiscal year, vacation shall accrue as set forth below for current employees. • Beginning each fiscal year, current employees receive 224 hours (28 days/year) of vacation, which is vested immediately for the entire fiscal year, and may be accumulated up to 4 times entitlement. • Employees may elect either a cash pay-off for up to 28 days (224 hours) or have all or a portion of the cash value transferred to the Deferred Compensation Plan once each year. Elections to cash out vacation must be made in the calendar year prior to the cash out.
Sick Leave	Sick leave is accrued at the rate of 1 day per month (96 hours per year) with unlimited accumulation. • Upon resignation, with 10 or more years of service with Valley Water, up to 480 hours of accrued sick leave shall be paid at 25% of the equivalent cash value. • Upon retirement (filed for CalPERS retirement), regardless of years of service with Valley Water, sick leave may be paid out as follows: ○ Sick leave balance *up to* 480 hours is paid out at 50% of the equivalent cash value. Any remaining balance above 480 hours may be converted into additional CalPERS service credit. Sick leave hours above 480 will not be paid out. ○ Entire accrued sick leave balance may be converted into additional CalPERS service credit. No sick leave hours will be paid out. ○ Combination of any portion (*up to 480 hours*) of the sick leave balance is paid out at 50% and any remaining balance may be converted into additional CalPERS service credit. Sick leave hours above 480 will not be paid out. • Upon death, all accrued, unused sick leave will be paid at 100% of the cash value. Any other payout of accrued sick leave upon separation of employment must be approved by the Chief Executive Officer. Any such approved payout shall not exceed 480 hours of accrued sick leave and shall be at the rate of 25% of the equivalent cash value.
Sick Leave Conservation	Sick Leave Conservation Program - Employees with a minimum of one (1) year of service who have used no more than twenty-seven (27) sick leave hours during the preceding twelve (12) month period may convert up to twenty-four (24) hours to cash. Elections to cash out sick leave must be made in the calendar year prior to the cash-out.
Executive Leave & Personal Leave	**24 hours of executive leave** and **32 hours of prorated personal leave** provided upon hire. Leave may be converted to cash or credited to the deferred compensation plan at any time during the fiscal year. Automatically paid out if no election is made.
Bereavement Leave	5 days of bereavement leave for obligations arising from the death of a family member as defined in the At-Will Policy for Employees in the Unclassified Service. Additional time may be charged to sick leave for a total leave (4 days of bereavement leave plus sick leave) not to exceed 10 consecutive working days.
Parental Leave	Valley Water provides 4 paid days for qualifying parental leave. Thereafter, employees may use sick leave (in addition to current vacation, comp time, and/or personal leave) for all qualifying parental leave. Employees can use this sick leave for bonding (or for the placement of a child with an employee for adoption or foster care). The duration of such parental or bonding leave shall be subject to Valley Water policy.
Reproductive Loss Leave (RLL)	Valley Water provides 4 paid days for qualifying reproductive loss leave. Thereafter, the employee may use 1 additional day from eligible leave banks, or go unpaid, for a qualifying leave up to 5 days. Employees may take their leave consecutively, or intermittently and must use the leave within 3 months of the loss.
Holidays	14 designated days per calendar year.
CalPERS Retirement for Classic Members ***Hired Prior to 3/19/2012*** **(Tier 1)**	California Public Employees Retirement System (CalPERS) **2.5% at 55** retirement plan with final compensation of highest 12 consecutive months. The current required employee contribution is **8%**. Contributions are pre-tax payroll deductions.
CalPERS Retirement for Classic Members ***Hired On or After 3/19/2012*** **(Tier 2)**	California Public Employees Retirement System (CalPERS) **2.0% at 60** retirement plan with final compensation of highest 36 consecutive months. The current required employee contribution is **0%**. Valley Water pays the employee contribution (Employer Paid Member Contributions – EPMC) of 7%.

CalPERS Retirement for New Members ***Hired On or After 1/1/2013*** **(Tier 3/PEPRA)**	California Public Employees Retirement System (CalPERS) **2.0% at 62** retirement plan with final compensation of highest 36 consecutive months. Employees are required to pay 50% of the total normal cost as determined by the annual CalPERS valuation which is subject to change each fiscal year. The current required employee contribution is **7.25%.** Contributions are pre-tax payroll deductions.
Retirement Health Benefits for Employees ***Hired Prior to 12/30/2006***	Medical coverage is provided for retired employees with 10 years of continuous service with Valley Water or a combination of prior public agency service (meaning the State of California or any political subdivision thereof, including any city, county, or special district) with a minimum of 5 consecutive years of Valley Water Service. Medical, Dental, and Vision coverage is provided for retired employees and one eligible dependent with 15 or more years of continuous service with Valley Water or a combination of prior public agency service with a minimum of 5 consecutive years of Valley Water Service. Medical, Dental, and Vision coverage is provided for retired employees plus two (2) or more eligible dependents with 25 or more years of continuous service with Valley Water or a combination of prior public agency service with a minimum of 5 consecutive years of Valley Water Service.
Retirement Health Benefits for Employees ***Hired on or after 12/30/2006 and Prior to 3/1/2007***	Medical coverage is provided for retired employees with 10 years of continuous service with Valley Water or a combination of prior public agency service (meaning the State of California or any political subdivision thereof, including any city, county, or special district) with a minimum of 5 consecutive years of Valley Water Service. Medical, Dental, and Vision coverage is provided for retired employees and one eligible dependent with 15 or more years of continuous service with Valley Water or a combination of prior public agency service with a minimum of 5 consecutive years of Valley Water Service. Medical, Dental, and Vision coverage is provided for retired employees plus two (2) or more eligible dependents with 25 or more years of continuous service with Valley Water or a combination of prior public agency service with a minimum of 5 consecutive years of Valley Water Service. Medical premium cost sharing is required with the same contribution percentage as active employees and based on the medical premium amount applicable to active employees or retirees, whichever is less. Effective April 1, 2024, retirees will pay 0% of the cost of the premium. Valley Water will pay 100% of the cost of the premium.
Retirement Health Benefits for Employees ***Hired On or After 3/1/2007***	Medical coverage is provided for retired employees with 15 years of continuous service with Valley Water or a combination of prior public agency service (meaning the State of California or any political subdivision thereof, including any city, county, or special district) with a minimum of 5 consecutive years of Valley Water Service. Medical coverage is provided for retired employees and one eligible dependent with 20 or more years of continuous service with Valley Water or a combination of prior public agency service with a minimum of 5 consecutive years of Valley Water Service. Medical premium cost sharing is required with the same contribution percentage as active employees and based on the medical premium amount applicable to active employees or retirees, whichever is less. Effective April 1, 2024, retirees will pay 0% of the cost of the premium. Valley Water will pay 100% of the cost of the premium.
Health Insurance	Medical, Dental, Vision Care, and EAP benefits are provided by Valley Water with no monthly premium cost to the employee. Medical, Dental, Vision Care, and EAP benefits are provided to all regular employees and their eligible dependents including domestic partners. Domestic partner coverage is taxable income for federal income tax purposes. Valley Water employees may only receive coverage under one plan; either as single coverage or family coverage and either as the primary subscriber or as a dependent under the plan of a spouse or domestic partner who is a regular Valley Water employee. Eligible dependents will only be covered under one employee's medical plan.
Disability Insurance	Valley Water provides Short Term Disability (STD) equal to 66 2/3% of salary to a maximum weekly benefit of $3,462 with a 14-day waiting period. STD may transition into Long Term Disability (LTD) after 180 days of disability and then provide 66 2/3% of salary to a maximum monthly benefit of $15,000.
Life Insurance	Valley Water provides life insurance benefits equal to employee's annual salary up to a maximum benefit of $100,000 with a five-year phase out in declining increments of $10,000 per year starting with $50,000 coverage upon retirement. The premium attributable to life insurance benefit exceeding $50,000 is considered "imputed income" and must be reported as taxable earnings on the W-2 statement each year, as required by the IRS.

Life Insurance	Optional supplemental life insurance available in amounts equal to 1, 2, 3, or 4 times annual salary to a maximum benefit of $750,000 is available at employee cost. Guaranteed issue amount is $200,000.
Deferred Compensation	Deferred compensation plans are available at the employee's option, with up **to $9,000 in annual matching contributions each calendar** year from Valley Water. The match will be deposited into the 401(a) plan.
Flexible Spending Account (FSA)	Health Care Spending Account – Maximum contribution up to $3,400 for eligible medical, dental, vision and prescription expenses for 2026. The rollover amount from 2026 into 2027 is $680. Dependent Adult or Child Daycare – Maximum contribution of $7,500 per family or $3,750 if you file taxes "Married Filing Separately" per calendar year. Commuter Spending Account – Pre-tax deductions are allowed up to the IRS maximum for any public transportation or to pay for qualified vanpools to commute to work.
Employee Assistance Program (EAP)	Valley Water provides an EAP to employees and their eligible dependents that are staffed by licensed credentialed counselors and provides information, referral, and short-term counseling for personal issues affecting work or personal life.
Legal Insurance	Valley Water offers comprehensive legal benefits through Legal Shield which include (but are not limited to): Bullying Protection, Post-Nuptial/DP Agreements, Gender Identifier Change, Elder Law Matter, Civil/Social Discrimination, and Consumer Credit Services.
Accident Insurance	The Standard offers optional coverage that provides cash benefits if you're injured outside of work. Payments can help cover lost income and unexpected medical expenses. The plan pays for a range of injuries and treatments, including chipped teeth, lacerations, and broken bones, helping reduce the financial impact of accidents.
Critical Illness Insurance	The Standard offers optional coverage that provides a lump-sum cash benefit ($10,000–$30,000) if you're diagnosed with a covered critical illness, such as cancer, stroke, heart attack, Alzheimer's, or Parkinson's. The benefit can help cover medical costs, caregiving needs, and other expenses, offering financial support during treatment and recovery.
Pet Insurance	Valley Water offers optional pet insurance through MetLife. MetLife Pet can help you be prepared for unexpected vet costs associated with injuries and illnesses and can also cover routine pet care. MetLife is an employee cost direct-bill plan (no paycheck deductions).
Wellness	**ValleyWaterWell –** Valley Water Wellness program. We offer company-wide challenges, lunchtime seminars, health cooking demos, health stations, and more!
	Origin Financial Wellness – Valley Water provided financial Wellness tool. Free 1:1 meetings with certified financial planners, free app access with visibility to financial transactions, free basic will preparation, discounted will preparation and more!
	ClassPass – Fitness & wellness at your fingertips. 13 Valley Water provided credits per month, up to 13 credit rollover. Discounted credit purchases.
	Personify Health – Valley Water Wellness Platform. Participate in wellness challenges, competitions, and more. Earn up to $200/annually!
	LifeBalance – Discounts at thousands of businesses nationwide, including health clubs, fitness studios, online retailers, movie theaters, hotels, and more!
Other	**Car Allowance** – Board Appointed Officers (BAO) are eligible for a monthly car allowance as follows: CEO & General Counsel = $600 / Clerk of the Board =$450. Mileage is paid for out-of-county Valley Water business in addition to a monthly car allowance.
	Electronic Devices – Valley Water-owned communication devices are provided, including cell phones, pagers, two-way radios, tablets, and computers. A monthly stipend for smartphones is provided.
	Tuition Assistance Program – Unclassified employees with six (6) or more months of continuous service, up to 100% reimbursement of tuition costs upon satisfactory completion of an approved course to a maximum of $4,000 per fiscal year.
This is a summary of benefits only. Official plan documents/agreements govern how a benefit is determined or administered.	

Santa Clara Valley Water District

File No.: 26-0476

Agenda Date: 5/12/2026
Item No.: *10.2.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
CEO and Chiefs' Reports.

ATTACHMENTS:
*Handout 10.2-A: OCE Monthly Update
*Handout 10.2-B: OGR April Summary

APRIL 2026

Office of Civic Engagement Monthly Update

Valley Water

CREEK STEWARDSHIP

April 19 through April 25, was National Volunteer Week. To recognize and celebrate volunteers, the Valley Water Board of Directors adopted a resolution expressing appreciation for the year-round contributions of Valley Water's volunteers. Director Beall also authored a board column in San José Spotlight highlighting the vital role volunteers play in advancing Valley Water's mission. Staff amplified these recognitions by sharing them with volunteers through social media, email, and newsletters. Additionally, thank-you cards were sent to Adopt-A-Creek partners and other cleanup coordinators in appreciation of their continued service and contributions over the past year.

Volunteers support our waterways year-round. In April, seven Adopt-A-Creek partners hosted cleanups, collectively contributing 258 volunteer hours and removing 1,223 pounds of trash across 5 miles of Guadalupe Creek, Saratoga Creek, Ross Creek, Coyote Creek, Sunnyvale East Channel, and Canoas Creek.

5 miles cleaned
106 fiscal year-to-date

1,223 pounds of trash and recyclables
35,916 fiscal year-to-date

121 volunteers
2392 fiscal year-to-date

EDUCATION OUTREACH

Throughout the month, staff engaged youth from kindergarten through eighth grade through classroom lessons, assemblies, field trips, and public events. At the City of Santa Clara's Earth and Arbor Day Celebration, Valley Water staff and H2Cool led elementary students in the Water Conservation Pledge. Students also learned about the importance of saving water and everyday conservation tips at the Synopsys Outreach Foundation's Sciencepalooza and the City of San José's Viva EscuelaSJ event at K.R. Smith Elementary School.

1,337 youth
7,974 fiscal year-to-date

35 classroom lessons
205 fiscal year-to-date

1 assembly
14 fiscal year-to-date

1 field trip
12 fiscal year-to-date

3 public events
5 fiscal year-to-date

Valley Water staff share water conservation tips and materials at Synopsys Outreach Foundation's Sciencepalooza event in San José.

WATER SUPPLY OUTREACH

In April, staff led five tours at the Silicon Valley Advanced Water Purification Center. Tour attendees included members of the public, Amazon Web Services employees, San José State University nursing students, and the Greater San José Chapter of the American Society of Safety Professionals.

Staff attended the Joint Recycled Water Policy Advisory Committee meeting at the San José City Hall and met with local government officials to provide updates on the Pure Water Silicon Valley Project and outreach initiatives. Staff also participated in three tabling events, including STEM Zone hosted by the City of Santa Clara at the Santa Clara Convention Center, Earth Day at San José State University, and Earth Day with Valley Water's Green Team. At the Green Team's Earth Day event, staff served boba tea made with advanced purified water and shared informational materials with Valley Water employees. In total, staff distributed 662 bottles throughout the month.

35 public tour attendees
1,723 fiscal year-to-date

13 students
235 fiscal year-to-date

66 total attendees
1,417 fiscal year-to-date

662 bottles distributed
1,723 current year-to-date

Vice Chair Santos, Director Beall, City of San José Councilmembers Pamela Campos and David Cohen, City of Santa Clara Councilmember Karen Hardy, and Valley Water staff sample advanced purified water at the Joint Recycled Water Policy Advisory Committee Meeting in San José.

YOUTH COMMISSION

Recruitment for the Youth Commission launched on April 16, to fill 11 anticipated vacancies for the upcoming school year. Commissioners will serve a two-year term and contribute to initiatives that promote water conservation, flood protection awareness, and environmental stewardship while building leadership and civic engagement skills. To ensure a strong applicant pool, staff implemented a comprehensive outreach approach, which included Nextdoor engagement, flyer distribution, and targeted social media campaigns and email outreach to key community groups. The application submission deadline was May 4, 2026.

SAFE, CLEAN WATER GRANTS AND PARTNERSHIPS

Refill Station Grants

Closeouts:

- **City of Gilroy – Refill Station Grant Project:** Through a $5,000 FY 2024 Refill Station Grant, City of Gilroy installed a new water refill station at Wheeler Gym which serves members of the public of all ages, who use the facility to attend recreational classes and activities. The installation helps improve access to safe, clean drinking water as well as public health, hydration, and sustainability.

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Mini-Grants

Awards:

- **Our City Forest – Community Nursery Upgrades:** Valley Water awarded a $10,000 FY26 Mini-Grant to Our City Forest for its Community Nursery Upgrades Project. The project entails enhancements to the organization's nursery center to improve water conservation and the health of local plants. Participants will have the opportunity to learn and receive resources on sustainable water management practices.
- **City of Cupertino - McClellan Ranch Preserve Environmental Education Center:** Valley Water awarded the City of Cupertino a $10,000 FY26 Mini-Grant to support enhancements to the Environmental Education Center in McClellan Ranch Preserve in Cupertino. These enhancements include a new enviroscape model depicting a watershed and ideal creek conditions, informational signage, and new terrariums and aquariums for its animal ambassadors. The project will engage third-grade students through its Creek Tour Program where they will learn about pollution prevention, environmental stewardship, and natural flood protection.

Standard Grants

Applications for the 2026 Standard Grants Program closed on Friday, April 24. In May, the grant evaluation panels will finalize their reviews and score the eight applications received. The evaluation panel's funding recommendations will be presented to the Valley Water Board of Directors for approval in June.

Closeouts:

- **Children's Discovery Museum – Exploration Portal: Preventing Pollution Project:** Through a $144,500 FY20 Safe, Clean Water Standard Grant, Children's Discovery Museum delivered a new outdoor education space, the Exploration Portal, that showcases real-world pollution prevention strategies in action, including how to reduce runoff to the Guadalupe River, support groundwater supplies through pollution prevention techniques, and showcase building materials to reduce runoff, such as permeable hardscape.
- **City of Morgan Hill – Madrone Channel Trail Improvement Project:** Through a $120,000 FY19 Safe, Clean Water Standard Grant, the City of Morgan Hill enhanced 1.8 miles of a new 7-foot wide Class I bicycle and pedestrian trail from East Main Avenue to Tennant Avenue along the Madrone Channel, located east of U.S. Highway 101 in Morgan Hill. The trail provides accessible connections for walkers and bikers, linking the south end of Morgan Hill to the north end away from vehicle traffic.

Water 101 Academy

The new Water 101 Academy cohort completed their first three lessons this month, moving one step closer to becoming Water Ambassadors.

In the first session on April 2, Chair Estremera provided opening remarks. Participants received presentations covering an overview of Valley Water and the Safe Clean Water & Natural Flood Protection Program.

The second session on April 16, focused on "Where does your water come from?," and included presentations about Water Utility Enterprise, imported water, water supply planning, and water conservation programs.

The third session on April 30, was dedicated to "Watershed Works In Action." Participants received a watershed overview presentation, and learned about the Stream Maintenance Program, Good Neighbor program, Upper Llagas Creek Flood Protection Project, and Coyote Creek Project.

WATER RATE ASSISTANCE PROGRAM

In April, WRAP assisted 222 households by paying water bills totaling $87,082.

222 households assisted
1,173 fiscal year-to-date

$87,082 paid
$488,140 fiscal year-to-date

LOOKING AHEAD

Creek Stewardship:

MAY 6 — Site Coordinator Training for National River Cleanup Day

MAY 16 — National River Cleanup Day

Education Outreach Programs:

MAY 4 — Marshall Pomeroy Elementary School

MAY 7 — Capri Elementary School

MAY 11 — San Martín/Gwinn Environmental Science Academy

MAY 13 — Vargas Elementary School

MAY 14 — Ben Painter Elementary School

MAY 18 — Country Lane Elementary School

MAY 20-21 — West Valley Elementary School

MAY 27 — Nimitz Elementary School

MAY 28 — Glen View Elementary School

Youth Commission:

MAY 4 — Youth Commission Application Deadline

MAY 20 — Youth Commission Quarterly Meeting and Graduation

Water 101 Academy:

MAY 14 — Water 101 Academy Session 4

MAY 20 — Water 101 Academy Infrastructure Bus Tour

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SUMMARY FOR APRIL 2026

Office of Government Relations

Valley Water

FEDERAL ADVOCACY EFFORTS

Rep. Khanna Supports Additional Funding for Pure Water Silicon Valley Project

Rep. Ro Khanna (CA-17) is again supporting Valley Water's request for Community Project Funding (CPF) for the Pure Water Silicon Valley demonstration facility. Valley Water requested $10 million in FY27 for the construction of the demonstration facility. Rep. Khanna secured $1.092 million in FY26 for planning and design of the facility. Congress is currently working to advance FY27 appropriations legislation, with final passage later this year. While the CPF awards are far from guaranteed, staff will continue to advocate for any and all funding for Valley Water projects.

Capitol Building in Washington, D.C.

Bay Area Council DC Advocacy Delegation

Valley Water staff joined a Bay Area Council delegation to Washington, D.C. with leaders from business, transportation, water, and public policy to advocate for federal action on the region's most pressing challenges and opportunities.

Over two days of meetings on Capitol Hill and with key federal agencies, delegates engaged with members of the California and Bay Area congressional delegation, including Senators Alex Padilla and Adam Schiff; Speaker Emerita Nancy Pelosi (CA-11); and Representatives Sam Liccardo (CA-16), John Garamendi (CA-08), Zoe Lofgren (CA-18), Josh Harder (CA-09), Mark DeSaulnier (CA-10), Kevin Mullin (CA-15) Lateefah Simon (CA-12), Vince Fong (CA-20), and Jimmy Panetta (CA-19). The delegation also met with senior officials at the U.S. Departments of Transportation and Commerce.

Discussions focused on strengthening the federal partnership needed to support the Bay Area's economic vitality, infrastructure investment, and long-term global competitiveness, including the importance of the Water Infrastructure Finance and Innovation Act (WIFIA) Program.

Bay Area Council delegation with Rep. Vince Fong (R-Bakersfield)

STATE ADVOCACY EFFORTS

Legislative Update

Valley Water staff joined the State Water Contractors for a Capitol Advocacy Day at the State Capitol on April 21, meeting with legislators and staff to advocate on key water policy priorities. The day focused on protecting and maintaining the State Water Project, and securing funding for conveyance and Delta levees. Staff requested support from legislators for AB 2215 (Calderon) which extends existing State Water Project water rights to ensure long-term system reliability and avoid costly delays.

Staff also advocated for the passage of SB 872 (McNerney), which creates a $300 million annual fund over 20 years to address subsidence impacts on critical conveyance infrastructure that threaten future water deliveries. The meetings emphasized that maintaining and modernizing existing infrastructure is essential to adapting to climate change and ensuring water supply reliability.

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Valley Water collaborated with the other State Water Contractor agency partners to reinforce that there is no replacement for State Water Project supplies and that continued investment is critical. Participants from all over the state conducted over 45 legislative briefings that served to advance these two important bills and to build on the foundation of knowledge and understanding about the State Water Project and a complex California water policy and infrastructure framework.

LOCAL ADVOCACY EFFORTS

On April 21, Valley Water hosted the first Environmentally Focused Partners meeting of the year to convene representatives from a diverse cross-section of environmental groups and organizations across the region, with a goal of fostering stronger relationships and collaboration with our environmental partners through an open forum. Chair Estremera welcomed attendees and introduced Valley Water Directors who also joined the meeting. This meeting featured updates on the Upper Guadalupe River Flood Protection Project by the Valley Water project team, as well as a "Sediments Solutions" presentation from the San Francisco Estuary Institute (SFEI).

Meeting attendees are listening to a presentation by SFEI on integrating sediment management to enhance the resilience of the watershed-bayland ecosystem.

Valley Water Hosts Earth Day Booths

On April 25, Valley Water staff kicked off Earth Day celebrations by tabling at the Morgan Hill Community Earth Day Festival and Acterra's Love Our Earth Festival/WaterPalooza event in East Palo Alto. WaterPalooza is an annual, hands-on educational event organized by the Water Environment Federation (WEF) and its Students and Young Professionals Community. Staff engaged with attendees by sharing information about Valley Water's resources and programs, highlighting the importance of water conservation, and providing updates on the Shoreline Project. At both Earth Day events, participants enjoyed interactive activities, including the water wheel where participants could answer water-related trivia for a chance to win prizes.

April 25, Valley Water Staff at WaterPalooza

RECENT EVENTS

- APRIL 12 — AAUW Wildflower Run, Morgan Hill
- APRIL 18 — City of Milpitas Earth Day Table
- APRIL 25 — Morgan Hill Community Earth Day Festival
- APRIL 25 — Acterra Love Our Earth Festival / Waterpalooza, East Palo Alto

FUTURE EVENTS

- MAY 9 — Berryessa Art & Wine Festival, San Jose

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2025-26 State Legislation with Board-Approved Positions

Bill (Author)	Subject	Position	Status
AB 11 (Lee)	The Social Housing Act	Support	Pending – Senate Housing Committee (2 Yr Bill)
AB 35 (Alvarez)	Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024: Administrative Procedure Act: Exemption: Program guidelines and selection criteria	Support	Pending – Senate Rules Committee
AB 259 (Blanca Rubio)	Open Meetings Teleconferences	Support	Pending – Senate Judiciary Committee (2 Yr Bill)
AB 269 (Bennett)	Dam Safety and Climate Resilience Local Assistance Program	Oppose	Failed – Assembly Water, Parks & Wildlife Committee
AB 454 (Kalra)	Migratory Birds: California Migratory Bird Protection Act	Support	Signed by the Governor
AB 514 (Petrie-Norris)	Emergency Water Supplies	Support	Failed – Assembly Appropriations Committee – Suspense File
AB 532 (Ransom)	Water Rate Assistance Program	Support	Pending – Senate Appropriations Committee – Suspense File (2 Yr Bill)
AB 707 (Soria)	San Luis and Delta-Mendota Water Authority: B.F. Sisk Dam Raise and Reservoir Expansion Project	Support	Failed – Assembly Rules Committee
AB 810 (Irwin)	Local Government Internet Websites and Email Addresses	Oppose	Failed – Assembly Appropriations Committee – Suspense File
AB 1319 (Schultz)	Protected Species: California Endangered Species Act	Oppose Unless Amended	Signed by the Governor
AB 1577 (Bauer-Kahan)	Data Centers: Reporting	Support	Pending – Assembly Appropriations Committee
AB 1772 (Papan)	Fish and Wildlife: Invasive Mussels	Support	Pending – Assembly Appropriations Committee
AB 2032 (Ransom)	Fish and Wildlife: Golden Mussels	Support	Pending – Assembly Appropriations Committee
AB 2051 (Wicks)	Public Resources: Coastal Resilience Permitting Working Group	Support	Pending – Assembly Water, Parks & Wildlife Committee
AB 2180 (Ward)	Local Government: Proposition 218 Omnibus Implementation Act: Proportional Cost of Service	Support	Pending – Assembly Third Reading
AB 2215 (Calderon)	Water Rights: Permits: State Water Project	Support	Pending – Assembly Water, Parks & Wildlife Committee
AB 2469 (Papan)	Water Resources: Data Centers	Support	Pending – Assembly Appropriations Committee
AB 2619 (Papan)	Water Resources: Data Centers	Support	Pending – Assembly Water, Parks & Wildlife Committee
AB 2739 (Soria)	Water: Affordability and System Stabilization	Support	Pending – Assembly Appropriations Committee
AB 2777 (Committee on Environmental Safety & Toxic Materials)	State Water Pollution Control Revolving Fund Program: Loans: Outdoor Eating Areas: Water Reuse	Support	Pending – Assembly Appropriations Committee
SB 31 (McNerney)	Water Quality: Recycled Water	Support	Signed by the Governor
SB 72 (Caballero)	The California Water Plan: Long-Term Supply Targets	Support	Signed by the Governor

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2025-26 State Legislation with Board-Approved Positions - *continued*

Bill (Author)	Subject	Position	Status
SB 454 (McNerney)	State Water Resources Control Board: PFAS Mitigation Program	Support	Vetoed by the Governor
SB 466 (Caballero)	Drinking Water: Hexavalent Chromium: Civil Liability: Exemption	Support	Signed by the Governor
SB 496 (Hurtado)	Advanced Clean Fleets Regulation: Appeals Advisory Committee: Exemptions	Support	Failed – Senate Appropriations Committee - Suspense File
SB 598 (Durazo)	Construction Manager/General Contractor Project Delivery Method	Support	Signed by the Governor
SB 599 (Caballero)	Atmospheric Rivers: Research: Forecasting Methods: Experimental Tools	Support	Pending – Assembly Appropriations Committee – Suspense File (2 Yr Bill)
SB 601 (Allen)	Water: Waste Discharge	Oppose Unless Amended	Pending – Assembly Appropriations Committee – Suspense File (2 Yr Bill)
SB 650 (Cabaldon)	The Sacramento-San Joaquin Delta Reform Act of 2009.	Support	Signed by the Governor
SB 682 (Allen)	Environmental Health: Product Safety: Perfluoroalkyl and Polyfluoroalkyl Substances	Support	Vetoed by the Governor
SB 695 (Cortese)	Transportation: climate resiliency: projects of statewide and regional significance	Support	Signed by the Governor
SB 753 (Cortese)	Special Business Regulations: Shopping Carts	Support	Signed by the Governor
SB 872 (McNerney)	Delta Levees and Canal Subsidence Fund	Support and Amend	Pending - Senate Natural Resources & Water Committee
SB 899 (Grove)	Fire Prevention: Wildfire and Forest Resilience Task Force: Wildfire Smoke	Support	Pending - Senate Environmental Quality Committee
SB 952 (Laird)	State Water Project: Renewable Energy Resources and Zero-Carbon Resources	Support	Pending – Senate Appropriations Committee
SB 1085 (Durazo)	Water Supply Planning: California Environmental Quality Act Determination	Support	Pending - Senate Natural Resources & Water Committee
SB 1125 (Menjivar)	Water Rate Assistance Program	Support	Pending – Senate Appropriations Committee
SB 1153 (Caballero)	Disaster Preparedness: Urban Retail Water Suppliers and Public Water Systems: Wildfire	Support	Pending - Senate Appropriations Committee

2025-26 Federal Legislation with Board-Approved Positions

Bill (Author)	Subject	Position	Status
H.R. 337 (Costa)	Groundwater Technical Assistance Act	Support	Introduced
H.R. 338 (Costa)	Every Drop Counts Act	Support	Introduced
S. 322 (Padilla)	Improving Atmospheric River Forecasting Act	Support	Introduced
H.R. 1267 (Gluesenkamp Perez)	Water Systems PFAS Liability Protection Act	Support	Introduced
H.R. 403 (Swalwell)	Preventing Our Next Natural Disaster Act	Support	Introduced
H.R. 1382 (Huffman)	San Francisco Bay Restoration Program Technical Correction Act	Support	Reported Out of Committee
H.R. 605 (Costa)	Headwaters Protection Act of 2025	Support	Introduced

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2025-26 Federal Legislation with Board-Approved Positions - *continued*

Bill (Author)	Subject	Position	Status
H.R. 1871 (Huffman) S. 857 (Curtis)	Water Conservation Rebate Tax Parity Act of 2025	Support	Introduced
H.R. 1894 (Calvert)	Federally Integrated Species Health (FISH) Act	Support	Introduced
H.R. 2594 (Crawford)	Water Risk and Resilience Organization Establishment Act	Support	Introduced
H.R. 2344 (Schakowsky) S. 1118 (Markey)	Water Information Sharing and Analysis Center (WaterISAC) Threat Protection Act	Support	Introduced
H.R. 2766 (Fallon)	Special District Fairness and Accessibility Act	Support	Introduced
H.R. 2774 (Harder)	Safeguarding Our Levees Act	Support	Introduced
S. 1760 (Curtis)	Restoring WIFIA Eligibility Act	Support	Introduced
H.R. 2907 (Stanton)	Save Building Resilient Infrastructure and Communities (Save BRIC) Act	Support	Introduced
S. 324 (Rosen)	Smarter Weather Forecasting for Water Management, Farming, and Ranching Act of 2025	Support	Introduced
S. 1481 (Wicker)	Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act	Support	Introduced
H.R. 1255 (Kustoff)	Investing in Our Communities Act	Support	Introduced
S. 1246 (Tillis)	FEMA Independence Act of 2025	Support	Introduced
H.R. 4733 (Sorensen)	Low-Income Household Water Assistance Program Establishment Act	Support and Amend	Introduced
H.R. 3572 (Valadao)	Farm to Market Road Improvement Act	Support and Amend	Introduced
S. 1413 (Padilla)	To authorize additional funding for the San Joaquin River Restoration Settlement Act	Support	Introduced
S. 1477 (Padilla) H.R. 2945 (Lieu)	Housing for All Act of 2025	Support and Amend	Introduced
H.R. 6422 (Stauber)	American Water Stewardship Act	Support	Introduced
S. 3693 (Cortez Masto)	Large-Scale Water Recycling Program Reauthorization Act	Support	Introduced
H.R. 4593 (Fry)	Saving Homeowners from Overregulation With Exceptional Rinsing (SHOWER) Act	Oppose	Passed House
H.R. 6641 (Gray)	Central Valley Water Solution Act	Support	Introduced
H.R. 6984 (Menendez)	Data Center Transparency Act	Support	Introduced
H.R. 5566 (Carbajal) S. 3590 (Blunt Rochester)	Water Infrastructure Resilience and Sustainability Act	Support	Introduced
H.R. 7845 (Peters)	Drought Relief Obtained Using Government Help Today (DROUGHT) Act	Support	Introduced
H.R. 4144 (Mullin)	Groundwater Rise and Infrastructure Preparedness Act of 2025	Support	Introduced

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Santa Clara Valley Water District

File No.: 26-0001

Agenda Date: 5/12/2026
Item No.: *13.1.

BOARD AGENDA MEMORANDUM

Government Code Section 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A)

SUBJECT:
Review the Fiscal Year 2026 Board Policy Planning Calendar.

RECOMMENDATION:
Review the Fiscal Year 2026 Board Policy Planning Calendar.

SUMMARY:
This item provides the Board an opportunity to review the Fiscal Year 2025 Board Policy Planning Calendar (FY26 Board Calendar) and identify appropriate items for Board Committee work plans for discussion and feedback to the Board.

The current FY26 Board Calendar containing the Board work plan items is attached for Board review.

ENVIRONMENTAL JUSTICE IMPACT:
The FY26 Board Calendar is not subject to environmental justice analysis.

FINANCIAL IMPACT:
There is no financial impact associated with this item.

CEQA:
The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:
Attachment 1: FY26 Board Calendar

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3139

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

Fiscal Year 2026 Board Work Plan			Committee	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
1.	Protect and maintain existing assets and infrastructure and advance new projects.														
2.	Improve internal capability to negotiate and acquire regulatory permits.														
3.	Educate and engage the community, elected officials and interested parties on our management of water resources in Santa Clara County.	Joint meeting with City of San Jose			S										
		Environmental Partners Meeting	Environmental Partners Working Group		C			C				C	C		
4.	Explore and pursue diversified, sustainable and cost-effective water storage opportunities.	Sites Reservoir	WSDM Committee		C		C				C/R			C	R
		Sisk Dam Raise Reservoir	WSDM Committee									R		C	
		Groundwater Banking Opportunities	WSDM Committee							C				C	
5.	Secure existing water supplies and water supply infrastructure.	Water Supply Master Plan				R		R							
		Urban Water Management Plan	WSDM Committee								C			C	R
		Delta Conveyance Project													
6.	Lead Purified Water Efforts with committed partners.	Potable Reuse Partnership with City of San Jose	RWC, JRWPAC	C	C / S	C			C		C / R	C	C	C	C / R
7.	Complete the Anderson Dam Seismic Retrofit Project.	Anderson Dam Tunnel Project	CIP Committee	C / R	C	C	C		C	C		C	C	C	C
		Anderson Dam Seismic Retrofit Project	CIP Committee	C	R	R	R			C			R	C	
8.	Make water conservation a California way of life in Santa Clara County.	Water Conservation Program Updates	WSDM Committee		C		C						C	C	C
9.	Protect people and property from flooding in all regions of the County, by applying a comprehensive, integrated watershed management approach that balances environmental quality, environmental justice, sustainability, and cost.	Watershed Master Plans	Board Policy and Monitoring Committee											C	
		Stream Maintenance Program (SMP3) EIR											R		

Board Meetings
R = Regular
S = Special
C = Committee
X = Closed

5-7-2026

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

Fiscal Year 2026 Board Work Plan			Committee	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
10.	Plan and design projects with multiple benefits, including protecting ecosystem functions, enhancing habitat, and improving connectivity in all regions of the County.														
11.	Protect creeks, bay, and other aquatic ecosystems from threats of pollution and degradation.	Review of WRPZ Ordinance Implementation	Environmental Creek Cleanup Committee							C					
12.	Complete and implement the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) agreement.	FAHCE Implementation Update	Stream Planning and Operations Committee					C			C			C	
		Project Site Visits	Stream Planning and Operations Committee											C	
13.	Protect waterways and facilities from encampment impacts while collaborating with community partners and supporting regional efforts to reduce homelessness.	Review of WRPZ Ordinance Implementation	Environmental Creek Cleanup Committee							C					
14.	Protect the safety of Valley Water staff, residential neighbors, and unsheltered individuals by working independently and in partnership with law enforcement agencies.	Review of WRPZ Ordinance Implementation	Environmental Creek Cleanup Committee							C					
15.	Address future impacts of extreme weather events to Valley Water's mission and operations.	Greenhouse Gas Reduction Plan	Board Policy and Monitoring Committee												R
16.	Maintain appropriate staffing levels and expertise, prioritize the safety of our staff, and build and sustain a collaborative working environment for all staff and partners while ensuring fair employment.	Vacancy Status, Recruitment, and Retention Efforts											R		
17.	Provide affordable and cost-effective level of services.	Grant Status Update Reports		R		R		R		R		R		R	
		Annual Audit Workplan Approval	Board Audit Committee					C	R						
18.	Other Notable Policy and Board Actions	Legislative Proposals and Guiding Principles						R							

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5-7-2026

Fiscal Year 2026 VALLEY WATER BOARD POLICY PLANNING CALENDAR

Items Regularly Monitored by Board		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
1.	BAO Performance	X						X					
2.	BAO Compensation												X/R
3.	Board Expense Report	R			R			R			R		

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