

INSTALLMENT PURCHASE AGREEMENT

by and between the

SANTA CLARA VALLEY WATER DISTRICT

and the

SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION

Dated as of November 1, 2022

relating to

\$_____

SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
(INTERIM OBLIGATIONS)
SERIES 2022B

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of November 1, 2022, by and between the SANTA CLARA VALLEY WATER DISTRICT, a flood control and water district organized and existing under the laws of the State of California (“Valley Water”), and 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 (the “Corporation”).

WITNESSETH:

WHEREAS, on May 11, 2021, the Board of Directors of Valley Water adopted Resolution No. 21-34 entitled “A Resolution of the Board of Directors of the Santa Clara Valley Water District Providing for the Allocation of Safe, Clean Water and Natural Flood Protection Program Revenues and Establishing Covenants to Secure the Payment of Obligations Payable Therefrom” as amended and supplemented from time-to-time (the “SCW Master Resolution”);

WHEREAS, Valley Water proposes to acquire and/or construct certain capital improvements included in the Safe, Clean Water and Natural Flood Protection Program (the “SCW Program”) approved by the voters within Valley Water in 2020;

WHEREAS, the Corporation has agreed to assist Valley Water to acquire and/or construct such capital improvements as more particularly described in Exhibit A hereto (collectively, the “Project”) by financing, on an interim basis, the Project;

WHEREAS, Valley Water and the Corporation have duly authorized the execution of this Installment Purchase Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement; and

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not

defined herein shall have the meanings ascribed thereto in the Trust Agreement or in the SCW Master Resolution.

Code.

The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it, or any applicable regulations adopted under the Internal Revenue Code of 1954, as amended.

Component

The term “Component” means Component A and Component B of the Project as more particularly described in Exhibit A attached hereto, including such components as may be added, deleted or substituted from time-to-time as provided in Section 3.1(b) hereof.

Component A

The term “Component A” means those components of the Project related to the acquisition and/or construction of certain capital improvements as more particularly described in Exhibit A attached hereto, including such components as may be added, deleted or substituted from time-to-time as provided in Section 3.1(b) hereof.

Component B

The term “Component B” means those components of the Project related to reimbursement to Valley Water for costs previously expended by Valley Water to acquire and/or construct certain capital improvements as more particularly described in Exhibit A attached hereto.

Continuing Disclosure Agreement

The term “Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated _____, 2022, by and between Valley Water and U.S. Bank Trust Company, National Association, as dissemination agent, relating to the Certificates, 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.

Event of Default

The term “Event of Default” means an event described in Section 8.1.

Installment Payment Date

The term “Installment Payment Date” means the Business Day prior to February 1 and August 1 of each year, commencing the Business Day prior to [February 1, 2023.]

Installment Payments

The term “Installment Payments” means the Installment Payments scheduled to be paid by Valley Water under and pursuant hereto.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Law

The term “Law” means 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 or supplemental thereto.

Project

The term “Project” means those certain capital improvements, consisting of Component A and Component B described in Exhibit A attached hereto.

Purchase Price

The term “Purchase Price” means the amount to be paid by Valley Water to the Corporation for the purchase of the Project under the terms hereof, as provided in Section 4.1 hereof.

Special Counsel

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

Trust Agreement

The term “Trust Agreement” means the Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Corporation and the Trustee, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions thereof.

SCW Master Resolution

The term “SCW Master Resolution” shall have the meaning ascribed thereto in the first WHEREAS clause in this Installment Purchase Agreement.

WIFIA Loan

The term “WIFIA Loan” means the loan to be made to the Corporation by the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency, pursuant to the WIFIA Loan Agreement.

WIFIA Loan Agreement

The term "WIFIA Loan Agreement" means [] dated as of ___, 2022, by and among the Corporation, Valley Water and the United States Environmental Protection Agency, an agency of the United States of America, acting through the Administrator of the Environmental Protection Agency, as such WIFIA Loan Agreement may be amended or supplemented from time-to-time in accordance therewith.

Section 1.2. Definitions in the SCW Master Resolution. Except as otherwise herein defined and unless the context otherwise requires, each of the capitalized terms used in this Installment Purchase Agreement shall have the same meaning set forth therefor in the SCW Master Resolution. With respect to any defined term which is given a different meaning under this Installment Purchase Agreement than under the SCW Master Resolution as used herein it shall have the meaning described herein.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by Valley Water. Valley Water makes the following representations:

(a) Valley Water is a flood control and water district organized and existing under the laws of the State of California.

(b) Valley Water has full legal right, power and authority to enter into this Installment Purchase Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Installment Purchase Agreement, and Valley Water has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, Valley Water has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which Valley Water is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of Valley Water.

(e) Valley Water has determined that it is necessary and proper within the terms of the Law that Valley Water acquire and/or construct each Component of the Project in the manner provided for in this Installment Purchase Agreement, to provide essential water services and facilities to the persons residing within the areas benefited by such improvements.

Section 2.2. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties:

(a) The Corporation is a nonprofit public benefit corporation validly organized and existing under the laws of the State of California.

(b) The Corporation has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions contemplated by this Installment Purchase Agreement, and the Corporation has complied with the provisions of the law in all matters relating to such transactions.

(c) By proper action, the Corporation has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Corporation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.

ARTICLE III

ACQUISITION AND/OR CONSTRUCTION, SALE AND CONVEYANCE OF THE PROJECT

Section 3.1 Acquisition and/or Construction, Sale and Conveyance of the Project. (a) The Corporation hereby agrees to acquire and/or construct each and all Components of the Project, as applicable, for and to sell and convey each and all such Components of the Project to Valley Water. In order to implement this provision, the Corporation hereby appoints Valley Water as its agent for the purpose of acquisition and/or construction of all Components of the Project and, subject to such construction, Valley Water hereby agrees to enter into such construction contracts and purchase orders as may be necessary, as agent for the Corporation, to provide for the acquisition and/or construction of the Project. Valley Water hereby further agrees that it will cause the acquisition and/or construction of the Project to be diligently prosecuted with all practical dispatch and in an expeditious manner.

After the execution and delivery of the Certificates and the deposit of the proceeds of such Certificates with the Trustee, Valley Water shall, as agent of Corporation, 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.

(b) Valley Water may add, delete or substitute other improvements for the facilities listed as Components of the Project in Exhibit A hereto, but only if Valley Water first files with the Corporation and Trustee a statement of Valley Water;

(1) identifying the improvements to be substituted and the improvements to be added; and

(2) stating 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 and/or the Corporation has sufficient funds advanced by Valley Water or Certificates proceeds to construct and/or acquire the substituted or added improvements; and

(3) stating that such added, deleted or substituted improvements will not reduce the Installment Payments payable hereunder or adversely affect the payment of principal and interest evidenced by the Certificates.

Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost or expenses incurred by Valley Water for the acquisition and/or construction of each Component of the Project and that all such costs and expenses shall be paid by Valley Water.

Section 3.2. Sale and Purchase of Component B of the Project. In consideration for the Corporation's assistance in financing Component B of the Project, Valley Water agrees to sell, and hereby sells, to the Corporation, and the Corporation agrees to purchase and hereby purchases, from Valley Water, Component B of the Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.3. Purchase and Sale of the Project. In consideration for the Installment Payments as set forth in Section 4.2, the Corporation agrees to sell, and hereby sells, to Valley Water, and Valley Water agrees to purchase, and hereby purchases, from the Corporation, the Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.4. Title. All right, title and interest in each Component B of the Project shall vest in Valley Water notwithstanding the execution and delivery of this Installment Purchase Agreement. All right, title and interest in each Component A of the Project shall vest in Valley Water immediately upon acquisition thereof. Such vesting shall occur without further action by the Corporation or Valley Water and the Corporation shall, if requested by Valley Water or, if necessary to assure such automatic vesting, deliver any and all documents required to assume such vesting.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price to be paid by Valley Water hereunder to the Corporation is the sum of the principal amount of Valley Water's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by Valley Water hereunder is set forth in Exhibit B hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.2 and Exhibit B hereto, and shall be paid by Valley Water as and constitute interest paid on the principal amount of Valley Water's obligations hereunder.

Section 4.2. Installment Payments.

(a) Valley Water shall, subject to any rights of prepayment provided in Article VII, pay to the Corporation, from available SCW Revenues as provided in Section 4.1 hereof and in Section 2.2(a) of the SCW Master Resolution, the Purchase Price in Installment Payments to such date in the amounts and on the Installment Payment Dates to be determined upon execution and delivery of the Certificates. Upon execution and delivery of the Certificates, the Installment Payments are to be applied to the payment of the principal and interest evidenced and represented by the Certificates and Installment Payments shall be made in amounts that are sufficient, but no more than sufficient, to pay the scheduled payments of principal and interest evidenced and represented by the outstanding Certificates. If and to the extent that, on any Installment Payment Date, there are amounts on deposit in a fund established under the Trust Agreement for the payment of principal and interest represented by the Certificates, which amounts are not being held for the payment of specific Certificates, said amounts shall be credited against the Installment Payment due on such date. If all or a portion of the Certificates are no longer outstanding as a result of prepayment, early retirement through purchase by Valley Water or the Corporation or defeasance of such Certificates, the schedule of Installment Payments to be determined upon execution and delivery of the Certificates shall be deemed to have been modified so that the Installment Payments are sufficient, but no more than sufficient, to pay the scheduled payments of principal and interest evidenced and represented by the outstanding Certificates. Upon any such prepayment, purchase or defeasance, Valley Water shall recalculate Installment Payments and shall provide the Trustee with a modified schedule of Installment Payments.

(b) Each Installment Payment to be paid upon execution and delivery of the Certificates shall be paid to the Trustee, as assignee of the Corporation, on or before the Business Day prior to the applicable Installment Payment Date, in lawful money of the United States of America, in funds which will be immediately available following payment. In lieu of depositing with such Trustee all cash to meet its Installment Payment due and payable on the next succeeding Installment Payment Date, Valley Water may deposit with the Trustee, securities or investments, which will mature on or before the next succeeding Interest Payment Date in an amount which, together with the cash then available to pay the principal and interest represented by the Certificates, will be sufficient to pay the interest and principal due on said Interest Payment Date. In the event Valley Water fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of Valley Water until such amount shall have been fully paid and, to the extent permitted by law, Valley Water agrees to pay the same with interest accruing thereon at the rate of ten percent (10%) per annum.

(c) Upon execution and delivery of the Certificates, the obligation of Valley Water to make the Installment Payments will become absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), Valley Water shall not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the Project or any Component thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments shall not

be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SCW REVENUES

Section 5.1. Pledge. This Installment Purchase Agreement is intended to be a "Contract" under the SCW Master Resolution and shall be secured by the pledge and the liens created in the SCW Master Resolution.

Section 5.2. Allocation. In order to carry out and effectuate the pledge contained in the SCW Master Resolution, upon execution and delivery of the Certificates, Valley Water shall pay, in accordance with Section 2.2 of the SCW Master Resolution, from the SCW Revenues to the Trustee, as assignee of the Corporation, the Installment Payments as and when due hereunder.

ARTICLE VI

COVENANTS OF VALLEY WATER

Section 6.1. Compliance with Installment Purchase Agreement and SCW Master Resolution. Valley Water will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Valley Water will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the SCW Master Resolution and in this Installment Purchase Agreement required to be observed and performed by it, and it is expressly understood and agreed by and between the parties to this Installment Purchase Agreement that, subject to Section 10.7 hereof, each of the agreements, conditions, covenants and terms contained the SCW Master Resolution and this Installment Purchase Agreement is an essential and material term of the purchase of and payment for the Project by Valley Water pursuant to, and in accordance with, and as authorized under, the Law.

Section 6.2. Tax Covenants. Valley Water covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest evidenced and represented by the Certificates is includable in gross income of the recipient under federal income tax laws. Notwithstanding any other provision of this Trust Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest

evidenced and represented by the Certificates 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 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 Certificates or of any other moneys or property which would cause the Certificates 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 Certificates 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 Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guaranty. Valley Water will make no use of the proceeds of the Certificates or take or omit to take any action that would cause the Certificates 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;

(e) Hedge Bonds. Valley Water will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the Certificates 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 evidenced and represented by the Certificates 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 that certain Tax Certificate executed by Valley Water in connection with the execution and delivery of the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.3. Against Encumbrances. Valley Water will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for Valley Water, in, upon, about or relating to the Project and will keep the Project free of any and all liens against any portion of the Project or the Corporation interest therein. In the event any such lien attaches to or is filed against any portion of the Project or the Corporation interest therein, Valley Water will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if Valley Water desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, Valley Water will forthwith pay or cause to be paid and discharged such judgment. Valley Water will, to the maximum extent permitted by law, indemnify and hold the Corporation harmless from, and defend each of them against, any claim, demand, loss, damage, liability or

expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Project or the Corporation interest therein.

Section 6.4. Payment of Claims. Valley Water will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the SCW Revenues or any part thereof or on any funds in the hands of Valley Water which might impair the security of the Installment Payments, but Valley Water shall not be required to pay such claims if the validity thereof shall be contested in good faith.

Section 6.5. Compliance with Contracts. Valley Water will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the Project and all other contracts affecting or involving the Project to the extent that Valley Water is a party thereto.

Section 6.6. Protection of Security and Rights of the Corporation. Valley Water will preserve and protect the security hereof and the rights of the Corporation to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.7. Additional Protection for Officers of the Corporation. Valley Water will, to the maximum extent permitted by law, indemnify and hold the Corporation and each of its directors and officers harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of entering into this Installment Purchase Agreement.

Section 6.8. Further Assurances. Valley Water will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 6.9. 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 Installment Purchase Agreement, 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. 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 Certificate (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificate for federal income tax purposes.

Section 6.10. Principal Payments; Draw on the WIFIA Loan. Valley Water covenants that, if Valley Water has not provided funds to pay the principal amount of the Installment Payments attributable to the Certificates when due at maturity of the Certificates, Valley Water will draw on the WIFIA Loan to pay such principal amount of the Installment Payments when due (to the extent such principal amount of the Installment Payments was used to pay for any portion of the purchase price of the WIFIA Portion of the Project, as defined in the WIFIA Loan Agreement).

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1. Prepayment.

(a) Valley Water may prepay the Installment Payments in the order as directed in a written request of Valley Water to the Trustee, as a whole or in part, on any date on or after ____ 1, 20__ from any available funds. The principal amount of such unpaid Installment Payments is payable at a prepayment price equal to the principal amount of such Installment Payments to be prepaid plus accrued interest with respect thereto to the date of prepayment without premium.

Notwithstanding any such prepayment, Valley Water shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Corporation).

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default. If one or more of the following Events of Default shall happen, that is to say --

(1) if default shall be made by Valley Water in the due and punctual payment of any Installment Payment when and as the same shall become due and payable;

(2) if default shall be made by Valley Water in the performance of any of the 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; or

(3) if 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

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

Section 8.2. Remedies of the Corporation.

The Corporation shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against Valley Water or any member of Valley Water's Board of Directors, officer or employee thereof, and to compel Valley Water or any such member of Valley Water's Board of Directors, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

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

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

Section 8.3. Application of SCW Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all SCW Revenues thereafter received by Valley Water and amounts on deposit in the funds and accounts held under the SCW Master Resolution 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, the Corporation, the owners of Bonds and Contracts, and any agents and assignees of each of the foregoing, if any, including reasonable compensation to their respective accountants and counsel;

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

(iii) to the payment of Operation and Maintenance Costs.

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

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of Valley Water, which is absolute and unconditional, to pay the Installment Payments to the Corporation at the respective due dates from the SCW Revenues and the other amounts herein committed for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such

subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, Valley Water and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations.

(a) all or any portion of the Installment Payments shall have become due and payable in accordance herewith or a written notice of Valley Water to prepay all or any portion of the Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and Defeasance Securities, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee;

then and in that event, the right, title and interest of the Corporation herein and the obligations of Valley Water hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Corporation and the obligation of Valley Water to have such moneys and such Defeasance Securities applied to the payment of such Installment Payments).

In such event, upon request of Valley Water, the Trustee shall cause an accounting for such period or periods as may be requested by Valley Water to be prepared and filed with Valley Water and shall execute and deliver to Valley Water all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to Valley Water, after payment of all amounts due the Trustee pursuant to the Trust Agreement, as an overpayment of Installment Payments, all such moneys or such Defeasance Securities held by it pursuant hereto other than such moneys and such Defeasance Securities, as are required for the payment or prepayment of the Installment Payments, which moneys and Defeasance Securities shall continue to be held by the Trustee in trust for the payment of the Installment Payments and shall be applied by the Trustee to the payment of the Installment Payments of Valley Water.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of Valley Water Limited to SCW Revenues. Notwithstanding anything contained herein, Valley Water shall not be required to advance any moneys derived from any source of income other than as provided in the SCW Master Resolution for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. Valley Water may, however, but in no event shall be obligated to, 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 make the Installment Payments is payable as provided in the SCW Master Resolution, and does not constitute a debt of Valley Water or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 10.2. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than Valley Water, the Corporation or the assigns of the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of Valley Water or the Corporation shall be for the sole and exclusive benefit of the other party.

Section 10.3. Amendments. This Agreement may be amended in writing as may be mutually agreed by Valley Water and the Corporation, and upon execution and delivery of the Certificates, by the Owners of a majority in aggregate principal amount of Certificates outstanding; provided that upon execution and delivery of the Certificates, no such amendment shall (a) extend the payment date of any Installment Payment, or reduce the amount of any Installment Payment without the prior written consent of the Owner of each Certificate so affected, or (b) reduce the percentage of Certificates the consent of the Owners of which is required for the execution of any amendment of this Installment Purchase Agreement.

This Installment Purchase Agreement and the rights and obligations of Valley Water and the Corporation hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution by Valley Water and the Corporation, without the written consent of any Owners, but only to the extent permitted by law and only upon receipt of an unqualified opinion of Special Counsel selected by Valley Water and

approved by the Corporation to the effect that such amendment or supplement is permitted by the provisions of this Installment Purchase Agreement and is not inconsistent with this Installment Purchase Agreement and does not adversely affect the exclusion of interest on the Certificates received by the Owners from gross income for federal income tax purposes, and only for any one or more of the following purposes --

(1) to add to the covenants and agreements of the Corporation or Valley Water contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or Valley Water, and which shall not materially adversely affect the interests of the Owners of the Certificates;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Installment Purchase Agreement or in regard to questions arising under this Installment Purchase Agreement, as the Corporation or Valley Water may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Certificates;

(3) to modify, amend or supplement this Installment Purchase Agreement in such manner as to cause interest with respect to the Certificates to remain excludable from gross income under the Code;

(4) to make such other amendments or modifications which shall not materially adversely affect the interests of the Owners of the Certificates; or

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

Section 10.4. Successor Is Deemed Included in all References to Predecessor. Whenever either Valley Water or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in Valley Water or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of Valley Water or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.5. Waiver of Personal Liability. No official, officer or employee of Valley Water shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any official, officer or employee of Valley Water from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.7. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of Valley Water or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof.

Section 10.8. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the Corporation, as a whole or in part, without the necessity of obtaining the prior consent of Valley Water. The assignment of this Installment Purchase Agreement to the Trustee shall be done solely in its capacity as Trustee under the Trust Agreement.

Section 10.9. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and Valley Water shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or setoff whatsoever.

Section 10.10. California Law. This Installment Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 10.11. Notices. All written notices to be given hereunder shall be given by first class mail, postage prepaid, courier or hand delivery to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to
Valley Water: Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: Treasury/Debt Officer

If to the
Corporation: Santa Clara Valley Water District
Public Facilities Financing Corporation
c/o Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: District Counsel

Section 10.12. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid or when there are no longer any Certificates Outstanding.

Section 10.13. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Authorized Officer

(SEAL)

Attest:

Clerk of the Board of Directors

**SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING
CORPORATION**

By: _____
President

(SEAL)

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project includes, but is not limited to, the following Valley Water capital improvements which are included in the Safe, Clean Water and Natural Flood Protection Program:

Component A:

[PORTION OF WIFIA PROJECT COSTS OTHER THAN REIMBURSED TO COME FROM VALLEY WATER]

Component B:

[PORTION OF WIFIA PROJECT COSTS BEING REIMBURSED TO COME FROM VALLEY WATER]

EXHIBIT B

PURCHASE PRICE

1. The principal amount of payments to be made by Valley Water hereunder is \$_____.

2. The installment payments of principal and interest with respect to the Certificates are payable in the amounts and on the Installment Payment Dates as follows:

<u>Installment Payment Date (One Business Day Prior To)</u>	<u>Installment Payments</u>		
	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>

TOTAL

TRUST AGREEMENT

by and among the

SANTA CLARA VALLEY WATER DISTRICT

and the

SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION

and

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

Dated as of November 1, 2022

RELATING TO

\$_____

SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
(INTERIM OBLIGATIONS)
SERIES 2022B

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EXHIBIT A FORM OF SERIES 2022B CERTIFICATE OF PARTICIPATION

EXHIBIT B FORM OF WRITTEN REQUEST FOR REQUISITION FROM ACQUISITION AND CONSTRUCTION FUNDS

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of November 1, 2022, by and among the SANTA CLARA VALLEY WATER DISTRICT, a flood control and water district duly organized and existing under and by virtue of the laws of the State of California (“Valley Water”), 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 (the “Corporation”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association existing under and by virtue of the laws of the United States, as trustee (the “Trustee”);

WITNESSETH:

In consideration of the mutual covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. **Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Certificates and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized undefined terms used herein shall, unless the context otherwise requires, have the meanings ascribed thereto in the SCW Master Resolution or the Installment Purchase Agreement.

Authorized Denominations

The term “Authorized Denominations,” means \$5,000 and any integral multiple thereof.

Authorized Officer

The term “Authorized Officer” 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, Operations, the Chief Financial Officer, or the Treasury, Debt and Grants Officer.

Beneficial Owners

The term “Beneficial Owners” means those individuals, partnerships, corporations or other entities for whom the Participants have caused the Depository to hold Book-Entry Certificates.

Book-Entry Certificates

The term “Book-Entry Certificates” means the Certificates registered in the name of the nominee of DTC, or any successor securities depository for the Certificates, as the registered owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

Business Day

The term “Business Day” means a day of the year which is not a Saturday or Sunday, or a day on which banking institutions located in California are required or authorized to remain closed, or on which the Federal Reserve system is closed.

Certificate of the Corporation

The term “Certificate of the Corporation” means an instrument in writing signed by the President or the Secretary of the Corporation, or by any other officer of the Corporation duly authorized for that purpose.

Certificate of Valley Water

The term “Certificate of Valley Water” means an instrument in writing signed by the Chair of the Board of Directors or an Authorized Officer, or by any other official of Valley Water duly authorized for that purpose.

Certificate Payment Date

The term “Certificate Payment Date” means, with respect to any Certificate, the Certificate Payment Date designated therein, which is the December 1 on which the principal component of the Installment Payments becomes due and payable.

Certificates

The term “Certificates” means the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation (Interim Obligations), Series 2022B, delivered in the aggregate principal amount of \$_____.

Certificate Year

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

Code

The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it, or any applicable regulations adopted under the Internal Revenue Code of 1954, as amended.

Corporate Trust Office of the Trustee

The term “Corporate Trust Office of the Trustee” means the principal corporate trust office of the Trustee in San Francisco, California or such other or additional offices as may be specified to Valley Water by the Trustee in writing.

Costs of Issuance

The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to Valley Water or the Corporation relating to the execution, sale and delivery of the Certificates and the execution and delivery of the Installment Purchase Agreement, including administrative fees, filing and recording costs, settlement costs, interest rate swap termination payments, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including legal fees), financing discounts, legal fees and charges, and surety premium, as applicable, fees and charges, financial and other professional consultant fees and expenses, costs of rating agencies or credit ratings, fees for transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

Defeasance Securities

The term “Defeasance Securities” means: (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (4) pre-refunded municipal obligations rated not lower than the rating on securities described in clause (2) above.

Delivery Date

The term “Delivery Date” means the date on which the Certificates are delivered to the original purchaser thereof.

Depository

The term “Depository” means the securities depository acting as Depository pursuant to Section 2.10 hereof.

DTC

The term “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Certificates.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 9.02.

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.

Fiscal Year

The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Board of Directors of Valley Water as the Fiscal Year of Valley Water.

Fitch

The term “Fitch” means Fitch Ratings, Inc., its successor and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency such term shall be deemed to refer to any other nationally recognized rating agency designated by Valley Water.

Information Services

The term “Information Services” means national information services that disseminate securities redemption notices; 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.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance thereof.

Interest Payment Date

The term “Interest Payment Date” means each June 1 and December 1, commencing [June 1, 2023], provided, however, if an Interest Payment Date with respect to the Certificates is not a Business Day, interest shall be payable on the next succeeding Business Day, and provided further that the amount paid with respect to Certificates on such succeeding Business Day shall be for the same number of days as if paid on the Interest Payment Date which was not a Business Day.

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 one of three Rating Agencies.

Issuing and Paying Agent Agreement

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

Issuing and Paying Agent

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

Letter of Representations or Representation Letter

The term “Letter of Representations” or “Representation Letter” means the letter of Valley Water delivered to and accepted by the Depository on or prior to the Delivery Date as Book-Entry Certificates setting forth the basis on which the Depository serves as depository for such Book-Entry Certificates, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

Minimum Rating

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

Moody’s or Moody’s Investors Service

The term “Moody’s Investors Service” or “Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, such terms shall be deemed to refer to any other nationally recognized rating agency designated by Valley Water.

Nominee

The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

Opinion of Counsel

The term “Opinion of Counsel” means a written opinion of special counsel, appointed and paid by the Corporation or Valley Water.

Outstanding

The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 8.02) all Certificates theretofore or thereupon executed by the Trustee pursuant hereto, except --

(1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates paid or deemed to have been paid within the meaning of Section 10.01 hereof; and

(3) Certificates in lieu of or in substitution for which other Certificates shall have been executed by the Trustee and delivered pursuant hereto.

Owner

The term “Owner” means any person who shall be the registered owner of any Outstanding Certificate, as shown on the registration books required to be maintained by the Trustee pursuant to Section 2.08 hereof.

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 "F-1" 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 "F-1" by Fitch and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund rated "AAm", "AAAm" or "AAAm-G" or better by any of S&P, Fitch or Moody's including such funds for which the Trustee or an affiliate provides investment advice for other services;
- (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; 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 provided in the definition of “Value”.

Prepayment Date

The term “Prepayment Date,” shall mean the date fixed for prepayment of Certificates.

Rating Agencies

The term “Rating Agencies” means S&P, Fitch and Moody’s.

Record Date

The term “Record Date” means the fifteenth day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

SCW Master Resolution

“SCW Master Resolution” means the Safe, Clean Water and Natural Flood Protection Program Master Resolution, Resolution No. 21-34 adopted by the Board of Directors of Valley Water on May 11, 2021 as amended or supplemented from time-to-time in accordance therewith.

S&P or Standard & Poor’s Ratings Services

The term “Standard & Poor’s Ratings Services” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

Series 2022B Acquisition and Construction Fund

The term “Series 2022B Acquisition and Construction Fund” means the Series 2022B Acquisition and Construction Fund established pursuant to Section 4.01 hereof.

Series 2022B Capitalized Interest Fund

The term “Series 2022B Capitalized Interest Fund” means the Series 2022B Capitalized Interest Fund established pursuant to Section 4.01 hereof.

Series 2022B Certificate Rebate Fund

The term “Series 2022B Certificate Rebate Fund” means the Series 2022B Certificate Rebate Fund established pursuant to Section 4.01 hereof.

Series 2022B Payment Fund

The term “Series 2022B Payment Fund” means the Series 2022B Payment Fund established pursuant to Section 4.01 hereof.

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 securities depositories as Valley Water may designate in a Written Request of Valley Water delivered to the Trustee.

Securities Exchange Act

The term “Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

State

The term “State” means the State of California.

Tax Certificate

The term “Tax Certificate” means the Tax Certificate related to the Certificates delivered by Valley Water on the Delivery Date, as the same may be amended or supplemented in accordance with its terms.

Trust Agreement

The term “Trust Agreement” means this Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Corporation and the Trustee, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof.

Trustee

The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association existing under and by virtue of the laws of the United States of America, or any other association or corporation which may at any time be substituted in its place as provided in Section 7.02.

Valley Water

The term “Valley Water” means the Santa Clara Valley Water District, a flood control and water district duly organized and existing under and by virtue of the laws of the State of California.

Value

“Value,” 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.

Written Request of the Corporation

The term “Written Request of the Corporation” means an instrument in writing signed by the President or the Secretary of the Corporation, or by any other officer of the Corporation duly authorized for that purpose.

Written Request of Valley Water

The term “Written Request of Valley Water” means an instrument in writing signed by the Chair of the Board of Directors or an Authorized Officer of Valley Water, or by any other official of Valley Water duly authorized for that purpose.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Certificates by the Owners thereof, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements, conditions, covenants and provisions set forth herein to be performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any

other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

CONDITIONS AND TERMS OF CERTIFICATES

SECTION 2.01. Authorization of Certificates. The Trustee is hereby authorized and directed, upon receipt of a Written Request of Valley Water to execute and deliver the Certificates in the aggregate principal amount of \$_____, evidencing individual interests in Installment Payments to be paid by Valley Water under the Installment Purchase Agreement.

SECTION 2.02. Denominations, Method and Place of Payment and Dating of Certificates. The Certificates shall be dated the Delivery Date and shall be issued only in fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the schedule set forth in Section 2.03 hereof. The interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates shall be payable in lawful money of the United States of America. The interest evidenced and represented by the Certificates shall be payable on their respective Interest Payment Dates by check mailed by the Trustee to the respective Owners thereof as shown in the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 at the close of business on the Record Date next preceding each Interest Payment Date (except that in the case of an Owner of one million dollars (\$1,000,000) or greater in aggregate principal amount of Outstanding Certificates, such payment may, at such Owner's written request, be made by wire transfer of immediately available funds to an account within the United States in accordance with written instructions provided by such Owner prior to the applicable Record Date), and the principal and prepayment premiums, if any, evidenced and represented by the Certificates shall be payable on their Certificate Payment Date or on prepayment prior thereto by check delivered by the Trustee upon surrender thereof by the respective Owners thereof at the Corporate Trust Office of the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificate shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by such Certificate to the extent of the sum or sums so paid. All Certificates paid pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.03. Payment Dates of Certificates. The Certificates evidence and represent interest from the Interest Payment Date next preceding the date of execution thereof by the Trustee, unless such date of execution is after the Record Date, in which case they shall evidence and represent interest from such Interest Payment Date; provided, however, with respect to the first Interest Payment Date, the Certificates shall evidence and represent interest from the Delivery Date; provided, further, that if as of the date of execution of any Certificate interest shall not have been paid when due with respect to any Outstanding Certificates, interest shall be payable from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Outstanding Certificates.

The Certificates shall have a Certificate Payment Date of December 1, 2026 and shall evidence and represent principal components of Installment Payments in the amounts, with interest thereon at _____%.

The interest evidenced and represented by the Certificates shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months and shall become due and payable on the respective Interest Payment Dates, beginning on the Interest Payment Date following their respective execution dates and continuing to and including their Certificate Payment Date or on prepayment prior thereto, and shall evidence and represent in sum the portions of the Installment Payments constituting interest components becoming due and payable on the Interest Payment Dates in each year.

The principal and prepayment premiums, if any, evidenced and represented by the Certificates shall become due and payable on their Certificate Payment Date or on prepayment prior thereto, and shall evidence and represent in sum the portions of the Installment Payments constituting principal and prepayment premium components, if any, becoming due and payable on the Certificate Payment Date or on prepayment prior thereto in each year.

SECTION 2.04. Forms of Certificates. The Certificates, together with the assignment to appear thereon, shall be substantially in the forms set forth on Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

SECTION 2.05. Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized officer of the Trustee.

SECTION 2.06. Transfer and Payment of Certificates. Any Certificate may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender, at the Corporate Trust Office of the Trustee, of such Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of like series and of authorized denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Trustee may deem and treat the Owner of any Certificate as the absolute owner of such Certificates for the purpose of receiving payment thereof and for all other purposes, whether such Certificates shall be overdue or not, and the Trustee shall not be affected by any notice or knowledge to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by the Certificates shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability on such Certificate to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of (i) any Certificates during the period established by the Trustee for selection of Certificates for prepayment, or (ii) any Certificate which has been selected for prepayment in whole or in part.

SECTION 2.07. Exchange of Certificates. Certificates may be exchanged at the Corporate Trust Office of the Trustee for a Certificate evidencing and representing a like aggregate principal amount of Certificates of authorized denominations of the same series and maturity. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to exchange (i) any Certificates during any period established by the Trustee for selection of Certificates for prepayment, or (ii) any Certificates which has been selected for prepayment in whole or in part.

SECTION 2.08. Registration Books. The Trustee will keep at its office sufficient books for the registration of the ownership, transfer and exchange of the Certificates which shall at all times be open to inspection by Valley Water, the Corporation or any Owner or his agent duly authorized in writing during normal business hours with reasonable prior notice, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership or transfer and exchange of the Certificates in such books as hereinabove provided.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Certificates. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall thereupon execute and deliver a new Certificate of like series, tenor, and Authorized Denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount in exchange and substitution for the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by the Trustee.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon execute and deliver a new Certificate of like series, tenor and Authorized Denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Certificate executed and delivered under this Section and of the expenses which may be incurred by Valley Water and the Trustee in the premises. Any Certificate executed and delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates executed and delivered under this Trust Agreement. Neither Valley Water, the Corporation nor the Trustee shall be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same.

SECTION 2.10. Special Covenants as to Book-Entry Only System for Certificates.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, all of the Certificates initially executed and delivered shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter.

Payment of the interest on any Certificates registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Certificates to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Certificates initially shall be executed and delivered in the form of a single executed fully registered certificate for each stated maturity of Certificates, representing the aggregate principal amount of the Certificates of such maturity. Upon initial issuance, the ownership of all such Certificates shall be registered in the registration records maintained by the Trustee pursuant to Section 2.08 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, Valley Water, the Corporation and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Certificates registered in its name for the purposes of payment of the principal or prepayment price and interest evidenced and represented by the Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of the Certificates, obtaining any consent or other action to be taken by Owners of the Certificates and for all other purposes whatsoever; and neither the Trustee, Valley Water nor the Corporation or any paying agent shall be affected by any notice to the contrary. Neither the Trustee, Valley Water nor the Corporation or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or prepayment price or interest evidenced and represented by the Certificates, (iii) any notice which is permitted or required to be given to Owners of Certificates hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial prepayment of the Certificates, or (v) any consent given or other action taken by DTC as Owner of Certificates. The Trustee shall pay all principal and premium, if any, and interest evidenced and represented by the Certificates only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge Valley Water's obligations with respect to the payment of the principal and premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Certificates will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that Valley Water determines that the Certificates should not be maintained in book-entry form, the Trustee shall, upon the written instruction of Valley Water, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Certificates will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Certificates or a portion thereof, at any time by giving written notice of such discontinuance to Valley Water or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Certificates will be transferable in accordance with subsection (f) of this Section 2.10. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by Valley Water within 90 days after Valley Water receives notice or becomes aware of such condition, as the case may be, then this Section 2.10 shall no longer be

applicable and the Trustee shall execute and deliver certificates representing the Certificates as provided below. Whenever DTC requests Valley Water and the Trustee to do so, the Trustee and Valley Water will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Certificates then Outstanding. In such event, the Certificates will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest with respect to each such Certificate and all notices with respect to each such Certificate shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event that any transfer or exchange of Certificates is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07. In the event the Certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Certificates, another securities depository as holder of all the Certificates, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 shall also apply to, among other things, the registration, exchange and transfer of the Certificates and the method of payment of principal, premium, if any, and interest evidenced and represented by the Certificates.

ARTICLE III

PREPAYMENT OF CERTIFICATES

SECTION 3.01. Prepayment. The Certificates shall be subject to prepayment prior to their stated maturities only as set forth below:

(a) **Optional Prepayment.** The Certificates are subject to optional prepayment prior to their Certificate Payment Date by Valley Water on any date on or after ____ 1, 20____, upon notice as hereinafter provided, as a whole or in part by lot in such order of maturity as Valley Water may determine, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to 100% of the principal amount to be prepaid, plus interest, if any, accrued with respect thereto to the date of prepayment, without premium.

SECTION 3.02. Selection of Certificates for Prepayment. If less than all Outstanding Certificates maturing by their terms on any one date are to be prepaid at any one time, and no other method of selection is specified in Section 3.01 above, the Trustee shall select the Certificates of such maturity date to be prepaid in any manner that it deems appropriate and fair and

shall promptly notify Valley Water in writing of the numbers of the Certificates so selected for prepayment. For purposes of such selection, Certificates shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately prepaid or redeemed.

SECTION 3.03. Notice of Prepayment. Notice of prepayment shall be given by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the prepayment date to (i) the respective Owners of the Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) the Information Services; provided, however, that so long as a book-entry system is used for the Certificates, the Trustee will send notice of prepayment only to the Securities Depositories and Information Services. Notice of prepayment to the Securities Depositories shall be given by registered mail, other electronically secure means, or any other method agreed upon and notice of prepayment to the Information Services shall be given by mail, other electronically secure means, or any other method agreed upon. Each notice of prepayment shall state the series, prepayment date, the prepayment price, if any, the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be prepaid, the distinctive certificate numbers of the Certificates of such maturity to be prepaid and, in the case of Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on the prepayment date there will become due and payable on the Certificates to be prepaid, all of the principal amount thereof on the prepayment date, and that from and after such prepayment date interest evidenced and represented by the Certificates shall cease to accrue, and shall require that such Certificates be then surrendered at the address of the Trustee specified in the prepayment notice. Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for prepayment. Failure by the Trustee to give notice of prepayment pursuant to this Section to any one or more of the respective Owners of any Certificates designated for prepayment shall not affect the sufficiency of the proceedings for prepayment with respect to the Owners to whom such notice was given.

In the event of prepayment of Certificates, the Trustee shall give notice of optional prepayment, other than any notice that refers to Certificates that are to be prepaid from proceeds of a refunding bond issue, only if sufficient funds have been deposited with the Trustee to pay the applicable prepayment price of the Certificates to be prepaid. Valley Water shall give the Trustee written notice of its intention to optionally prepay Certificates at least 30 days prior to the intended Prepayment Date. In the event Valley Water elects to optionally prepay the Certificates in part, it shall deliver to the Trustee a schedule of revised Installment Payments.

Valley Water may, at its option, prior to the date fixed for prepayment in any notice of optional prepayment rescind and cancel such notice of prepayment by Written Request of Valley Water and the Trustee shall give notice of such cancellation to the recipients of the notice of prepayment being cancelled.

SECTION 3.04. Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and money for the payment of the prepayment price of the Certificates called for prepayment is held by the Trustee in the Series 2022B Payment Fund, as the case may be, then on the prepayment date designated in such notice, Certificates shall become due and payable, and from and after the date so designated interest evidenced and represented by the Certificates so called for prepayment shall cease to accrue, and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price thereof. Any prepayment of Certificates

pursuant to Section 3.01 hereof shall cause the schedule of Installment Payments set forth in Exhibit B to the Installment Purchase Agreement to be recalculated by Valley Water in accordance with Section 4.2 of the Installment Purchase Agreement. Such schedule shall be furnished by Valley Water to the Trustee. All Certificates prepaid, pursuant to the provisions of this Article shall be cancelled by the Trustee and shall be delivered to, or upon the order of, Valley Water and shall not be redelivered.

ARTICLE IV

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF PROCEEDS

SECTION 4.01. Establishment of Funds. The Trustee shall establish and maintain the following special trust funds to be held by the Trustee: (i) the Series 2022B Payment Fund, (ii) the Series 2022B Certificate Rebate Fund, (iii) the Series 2022B Capitalized Interest Fund and (iv) the Series 2022B Acquisition and Construction Fund.

SECTION 4.02. Delivery of Certificates. The Trustee is hereby authorized to execute and deliver the Certificates to the purchaser thereof upon receipt of a Written Request of Valley Water (concurred in by the Corporation) and upon receipt of the proceeds of sale thereof.

SECTION 4.03. Application of Proceeds. Upon the receipt of the proceeds of the Certificates when the same shall have been duly executed and delivered, the Trustee shall deposit the amount of (a) \$_____ in the Series 2022B Acquisition and Construction Fund, (b) \$_____ in the Series 2022B Capitalized Interest Fund, [(c) transfer \$_____ to the Issuing and Paying Agent to pay, prepay and/or defease the Santa Clara Valley Water District Commercial Paper Certificates, Series A (Tax-Exempt), (d) transfer \$_____ to the Issuing and Paying Agent to pay, prepay and/or defease the Santa Clara Valley Water District Revolving Certificates, Series C (Tax-Exempt) (Non-Syndicated), and (e) transfer \$_____ to the Issuing and Paying Agent to pay, prepay and/or defease the Santa Clara Valley Water District Revolving Certificates, Series C (Tax-Exempt) (Syndicated)]. The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits and transfer.

ARTICLE V

INSTALLMENT PAYMENTS

SECTION 5.01. Pledge of Installment Payments. All Installment Payments shall be paid directly by Valley Water to the Trustee and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof. All Installment Payments received by the Trustee shall be held in trust by the Trustee under the terms hereof. The Installment Payments with respect to the Certificates shall be deposited by the Trustee as and when received in the Series 2022B Payment Fund, which fund the Trustee has established and maintains so long as any Certificates are Outstanding. All money in the Series 2022B Payment Fund shall be held in trust by the Trustee for the benefit of the Owners of the Certificates. Valley Water and the Corporation hereby pledge and grant a lien on the Series 2022B Payment Fund to the Trustee for the benefit of the Owners of the Certificates.

SECTION 5.02. Receipt and Deposit of Installment Payments.

(a) In order to carry out and effectuate the pledge contained herein, subject to the provisions of Section 5.01, the Trustee shall deposit the Installment Payments with respect to the Certificates when and as received in trust in the Series 2022B Payment Fund for the benefit of the Owners of the Certificates. All Installment Payments shall be accounted for through and held in trust. All Installment Payments deposited with the Trustee as herein provided shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Trustee.

(b) Money in the Series 2022B Payment Fund shall be used and withdrawn by the Trustee for the purpose of paying (i) the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by the Certificates purchased or prepaid prior to maturity), and (ii) the principal evidenced and represented by the Certificates as it shall become due and payable.

(c) Any moneys which, pursuant to Section 7.1 of the Installment Purchase Agreement, are to be used to prepay the Certificates pursuant to Section 3.01 hereof shall be deposited by the Trustee in the Series 2022B Payment Fund. The Trustee shall, on the scheduled prepayment date, withdraw from the Series 2022B Payment Fund and pay to the Owners entitled thereto an amount equal to the prepayment price of the Certificates to be prepaid on such date plus interest evidenced and represented by the Certificates to the Prepayment Date.

SECTION 5.03. Investment of Moneys in Funds. Moneys in the funds established with the Trustee hereunder shall, in accordance with a Written Request of Valley Water, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of Valley Water to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of Valley Water, the Trustee shall invest moneys in clause (g) of the definition of Permitted Investments. The obligations in which moneys in said funds are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out hereunder. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment required under this Trust Agreement. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with this Trust Agreement. For purposes of determining the amount of deposit in any fund held hereunder, all Permitted Investments credited to such fund shall be valued at the market value thereof. Except as otherwise provided in this Section, Permitted Investments representing an investment of moneys attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of said fund. To the extent that Permitted Investments are registerable securities, such Permitted Investments shall be registered in the name of the Trustee.

The Trustee may act as principal or agent in the acquisition or disposition of investments and may commingle moneys in funds and accounts for the purpose of investment.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates,

whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Valley Water acknowledges that to the extent 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 will not receive such confirmations to the extent permitted by law. The Trustee will furnish Valley Water periodic cash transaction statements which shall include detail for all investment transactions 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 hereunder.

SECTION 5.04. Application of the Series 2022B Certificate Rebate Fund.

(a) Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest evidenced and represented by the Certificates will not be adversely affected, Valley Water shall cause to be deposited in the Series 2022B Certificate Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. Within the Series 2022B Certificate Rebate Fund, there shall be established two separate accounts designated the “Rebate Account” and the “Alternative Penalty Account.” All money at any time deposited in the Rebate Account or the Alternative Penalty Account shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Series 2022B Certificate Rebate Fund 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 Special Counsel that the exclusion from gross income for federal income tax purposes of interest evidenced and represented by the Certificates will not be adversely affected if such requirements are not satisfied.

(b) The following provisions relate to the Rebate Account and the Alternate Penalty Account of the Series 2022B Certificate Rebate Fund:

(i) Rebate Account. The following requirements shall be satisfied with respect to the Rebate Account:

(A) Annual Computation. Within 55 days of the end of each Certificate Year, 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 the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (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 Certificate 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.

(B) Annual Transfer. Within 55 days of the end of each applicable Certificate Year, upon the written direction of a representative of Valley Water, an amount shall be deposited to the Rebate Account by the Trustee from any funds legally available for such purpose (as specified by Valley Water in the aforesaid written direction), if and to the extent required

so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (b)(1). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from a representative of Valley Water, the Trustee shall withdraw the excess from the Rebate Account and then credit the excess to the Series 2022B Payment Fund.

(C) Payment to the Treasury. The Trustee shall pay, as directed in writing by a representative of Valley Water, to the United States Treasury, out of amounts in the Rebate Account,

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

(Y) Not later than 60 days after the payment of all the Certificates, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Certificate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account 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 (b)(1) shall be made to the Internal Revenue Service Center on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(ii) Alternative Penalty Account.

(A) Six-Month Computation. If the 1½% Penalty has been elected, within 85 days of each particular Six-Month Period, Valley Water shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. Valley Water shall obtain expert advice in making such determinations.

(B) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, upon the written direction of a representative of Valley Water, the Trustee shall deposit in the Alternative Penalty Account from any legally available source of funds (as specified by Valley Water in the aforesaid written direction), if and to the extent required, so that the balance in the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in Subsection (b)(ii)(A) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of

the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by Subsection (b)(ii)(C) below, the Trustee, at the written direction of a representative of Valley Water, shall withdraw the excess from the Alternative Penalty Account and credit the excess to the Series 2022B Payment Fund.

(C) Payment to the Treasury. The Trustee shall pay, as directed in writing by a representative of Valley Water, to the United States Treasury, out of amounts in the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Account, the amount in such account is not sufficient to make such payment when such payment is due, Valley Water shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from any legally available source of funds equal to such deficiency into the Alternative Penalty Account prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b)(2) shall be made to the Internal Revenue Service on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T or shall be made in such other manner as provided under the Code.

(c) Disposition of Unexpended Funds. Any funds remaining in the Series 2022B Certificate Rebate Fund after prepayment and payment of the principal and interest evidenced and represented by the Certificates, the payments described in Subsection (b)(1)(iii) or (b)(2)(iii) (whichever is applicable), may be withdrawn by Valley Water and utilized in any manner by Valley Water.

(d) Survival of Defeasance. Notwithstanding anything in this Section or this Trust Agreement to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Certificates.

(e) Duty of Trustee. The Trustee shall be fully protected and shall be deemed to have complied with the provisions of this Section 5.04 if it complies with the written directions of Valley Water delivered pursuant to this Section 5.04 and the Trustee shall have no responsibility to enforce compliance by Valley Water with the Tax Certificate.

SECTION 5.05. Application of Series 2022B Acquisition and Construction Fund. Amounts on deposit in the Series 2022B 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 B, 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 in the acquisition and/or construction of the Project.

Within the Series 2022B Acquisition and Construction Fund the Trustee shall, in accordance with a Written Request of Valley Water 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, including Costs of Issuance Accounts.

When all Costs of Issuance have been paid and the acquisition and/or construction of the Project 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 2022B Acquisition and Construction Fund to the Series 2022B Certificate Rebate Fund an amount to the

extent necessary to pay Rebatable Arbitrage and any remaining balance to the Series 2022B Payment Fund and applied as provided in this Trust Agreement.

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 5.06. Application of Series 2022B Capitalized Interest Fund. The Trustee shall transfer the following amounts from the Series 2022B Capitalized Interest Fund to the Series 2022B Payment Fund on the dates set forth below.

All earnings derived from investment of funds on deposit in the Series 2022B Capitalized Interest Fund shall be transferred to the Series 2022B Payment Fund. Any amounts on deposit in the Series 2022B Capitalized Interest Fund on _____, 20__ shall be transferred to the Series 2022B Payment Fund.

ARTICLE VI

COVENANTS

SECTION 6.01. Compliance with Trust Agreement; Compliance of Laws and Regulations. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof; and neither the Corporation nor Valley Water will suffer or permit any default by them to occur hereunder, but each will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them.

The Corporation and Valley Water will faithfully observe and perform all lawful and valid obligations or regulations now hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

SECTION 6.02. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the Installment Payments and the proceeds of the Certificates or the obligation which they evidence and represent. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, and (d) the amounts and dates of any payments made with respect thereto. Such records shall be open to inspection by any Owner or his agent duly authorized in writing at

reasonable hours and under reasonable conditions and upon reasonable written request during the regular business hours of the Trustee on any Business Day. As soon as available after June 30, 2023, and continuing after each June 30th so long as any Certificates are Outstanding, the Trustee will furnish to the Corporation and to any Owner who may so request (at the expense of such Owner) a complete statement covering the receipts, deposits and disbursements of the money held hereunder for the preceding fiscal year. In addition, the Trustee shall provide Valley Water with a monthly accounting of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

SECTION 6.03. Installment Purchase Agreement. The Corporation will at all times maintain and vigorously enforce all of its rights under the Installment Purchase Agreement, and will promptly collect or cause to be collected all Installment Payments as the same become due under the Installment Purchase Agreement, and will promptly and vigorously enforce its rights against any person who does not pay such Installment Payments as they become due under the Installment Purchase Agreement. The Corporation and Valley Water will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreement by the purchaser thereunder.

SECTION 6.04. Other Liens. Valley Water will keep the Project free from judgments, mechanics, and materialmen's liens (except those arising from the acquisition, construction and installation of the Project) and free from all liens, claims, demands and encumbrances of whatsoever prior nature or character to the end that the security for the Certificates provided herein will at all times be maintained and preserved free from any claim or liability which might hamper Valley Water in conducting its business or interfere with Valley Water's operation of the Project, and the Trustee at its option (after first giving Valley Water thirty (30) days written notice to comply therewith and failure of Valley Water to so comply within such period) may (but shall not be obligated to) defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceeding; provided, however, that in defending such actions or proceedings or in paying or compromising such claims or demands the Trustee shall not in any event be deemed to have waived or released Valley Water from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder to defend the validity hereof and the pledge of the Installment Payments made herein and to perform such agreements and covenants.

SECTION 6.05. Prosecution and Defense of Suits. Valley Water will promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing, and shall prosecute or cause to be prosecuted all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and hold the Trustee harmless from all loss, cost, damage and expense, including attorney's fees, which it may incur by reason of any such defect, cloud, suit, action or proceeding.

Valley Water will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Trustee hereunder; provided that the Trustee at its election may appear in and defend any such suit, action or proceeding.

SECTION 6.06. Further Assurances. Whenever and so often as requested to do so by the Trustee, Valley Water will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 6.07. Recordation and Filing. Valley Water will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the money in the Series 2022B Payment Fund hereunder in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the respective Owners and the rights of the Trustee hereunder (with copies of each such document being forwarded to the Trustee), and Valley Water will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the money in the funds herebefore described.

SECTION 6.08. Tax Covenants. Notwithstanding any other provision of this Agreement, absent an Opinion of Counsel that the exclusion from gross income of interest with respect to the Certificates 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 and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. Valley Water will not take or omit to take any action or make any use of the proceeds of the Certificates or of any other moneys or property which would cause the Certificates 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 Certificates or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Certificates 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 Certificates or take or omit to take any action that would cause the Certificates 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.

(e) Miscellaneous. Valley Water will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section shall not be applicable to, and nothing contained herein shall be deemed to prevent Valley Water from causing the Trustee to execute and deliver, Certificates the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

ARTICLE VII

THE TRUSTEE

SECTION 7.01. Employment and Duties of the Trustee.

The Corporation and Valley Water hereby appoint and employ U.S. Bank Trust Company, National Association, in San Francisco, California, as Trustee to receive, deposit and disburse the Installment Payments as provided herein, to prepare, execute, deliver, transfer, exchange and cancel the Certificates as provided herein, to pay the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates to the Owners thereof as provided herein and to perform the other obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Trust Agreement, the Trustee undertakes to perform such obligations (and only such obligations) as are specifically set forth herein, and no implied covenants or obligations shall be read herein against the Trustee.

Prior to any resignation by the Trustee pursuant to Section 7.02, the Trustee will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on it by contract, or prescribed by any state or federal law, or by any officer, board or commission having jurisdiction or control over the Trustee, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

Whenever provision is made herein for the cancellation by the Trustee of any Certificates, the Trustee shall destroy such Certificates and deliver a certificate of such destruction to Valley Water.

SECTION 7.02. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement 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 Trust Agreement, 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) So long as no Event of Default has occurred and is continuing, upon thirty (30) days' written notice to the Trustee, Valley Water may remove the Trustee at any time and shall remove the Trustee at any time requested to do so by an instrument or concurrent instruments in writing, or in the case of the Certificates, the Owners of the Certificates of not less than a majority in aggregate amount of Certificates 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 commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or 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 shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may resign by giving written notice of such resignation to Valley Water and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the certificate register. 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 shall have accepted appointment within ninety (90) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of Valley Water, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction 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 Trust Agreement 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 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 Trust Agreement 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, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the bond register.

(e) Any Trustee appointed under the provisions of this Trust Agreement shall be a trust company or bank having trust powers, having a corporate trust office in California, the combined capital, surplus and undivided profits of such trust company or bank (or in the event that such trust company or bank is a member of a bank holding company system, of its bank holding company) of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank 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 bank or trust company 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.

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

(g) The Trustee shall not be responsible for the sufficiency, timeliness or payment of the Installment Payments, the maintenance of insurance as required by the Installment Purchase

Agreement or reviewing any report or certificate required to be provided hereunder or under the Installment Purchase Agreement.

(h) The Trustee shall not be accountable for the use or application by Valley Water, the Corporation or any other party of any funds which the Trustee has released under this Trust Agreement.

(i) The Trustee may employ attorneys, agents or receivers in the performance of any of its duties hereunder and shall not be answerable for the misconduct of any such attorney, agent or receiver selected by it with reasonable care.

SECTION 7.03. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 7.02, shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 7.04. Compensation and Indemnification. Valley Water shall pay the Trustee, or cause the Trustee to be paid, reasonable compensation for its services rendered hereunder and shall reimburse the Trustee for reasonable expenses (including reasonable fees and expenses of its attorneys) incurred by the Trustee in the performance of its obligations hereunder.

Valley Water agrees, to the extent permitted by law, to indemnify the Trustee and its respective officers, directors, members, employees, attorneys and agents for, and to hold them harmless against, any loss, liability or expense incurred without negligence or willful misconduct on their part arising out of or in connection with the acceptance or administration of the trusts imposed by this Trust Agreement, including performance of their duties hereunder, including the costs and expenses of defending themselves against any claims or liability in connection with the exercise or performance of any of their powers or duties hereunder. Such indemnity shall survive the termination or discharge of this Trust Agreement and resignation or removal of the Trustee.

SECTION 7.05. Liability of Trustee.

(a) The recitals of facts herein and in the Certificates contained shall be taken as statements of Valley Water, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Trust Agreement, the Installment Purchase Agreement or of the Certificates, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall, however be responsible for its representations contained in its certificate of execution on the Certificates. 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 Certificates with the same rights it would have if it were not Trustee or and, to the extent permitted by law, may act as depositary 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 Owners, whether or not such committee shall represent the Owners of a majority in aggregate amount of Certificates then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been 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 the Certificates, of not less than 25% in aggregate amount of Certificates, 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 Trust Agreement.

(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 Trust Agreement, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at the Corporate Trust Office of the Trustee. Except as otherwise expressly provided herein, and subject to Section 7.02, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Certificates, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) The Trustee makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

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

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

SECTION 7.06. Right to Rely on Documents. The Trustee shall be protected in acting, and may conclusively rely, upon any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and need not conduct any independent investigation of the matters covered therein. The Trustee may consult with counsel, who may be counsel but need not be 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.

Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of Valley Water, and such Certificate of Valley Water shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such

Certificate of Valley Water, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 7.07. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of Valley Water and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

ARTICLE VIII

AMENDMENT OF THE TRUST AGREEMENT

SECTION 8.01. Amendment of the Trust Agreement. (a) This Agreement and the rights and obligations of Valley Water and of the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 8.02 hereof, shall have been filed, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest or yields-to-maturity, as the case may be, represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

(b) This Agreement and the rights and obligations of the Corporation and Valley Water and of the Owners of the Certificates may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes —

(i) to add to the covenants and agreements of the Corporation or Valley Water contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or Valley Water, and which shall not adversely affect the interests of the Owners of the Certificates;

(ii) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Corporation or Valley Water may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Certificates; and

(iii) to make any other amendments or modifications as may be determined by Valley Water and the Corporation which are not materially adverse to the interests of the Owners of the Certificates.

SECTION 8.02. Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or Valley Water shall not be deemed Outstanding for the purpose of any

consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

SECTION 8.03. Endorsement or Replacement of Certificates After Amendment.

After the effective date of any action taken as hereinabove provided, the Corporation may determine that the Certificates may bear a notation by endorsement in form approved by the Corporation as to such action, and in that case upon demand of the Owner of any Outstanding Certificates and presentation of his Certificate for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Corporation or Valley Water shall so determine, new Certificates so modified as, in the opinion of the Corporation or Valley Water, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Certificate such new Certificates shall be exchanged at the Corporate Trust Office of the Trustee without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

SECTION 8.04. Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates owned by him, provided that due notation thereof is made on such Certificates.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 9.01. Notice of Non-Payment. In the event of delinquency in the payment of any Installment Payments due by Valley Water pursuant to the Installment Purchase Agreement, the Trustee shall, after one business day following the date upon which such delinquent Installment Payment was due, as soon as practicable give written notice of the delinquency and the amount of the delinquency to Valley Water and the Corporation.

SECTION 9.02. Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Installment Purchase Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee shall be entitled upon notice in writing to Valley Water, to exercise the remedies provided to the Corporation in the Installment Purchase Agreement.

SECTION 9.03. Proceedings by Trustee. Upon the happening and continuance of any Event of Default the Trustee shall do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, to enforce its rights against the Corporation or Valley Water or any director, officer or employee of Valley Water, and to compel the Corporation or Valley Water or any such director, officer or employee of Valley Water to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained herein required to be observed or performed by it or him;

(b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and

(c) by suit in equity upon the happening of an Event of Default hereunder to require the Corporation and Valley Water and the directors, officers and employees of Valley Water to account as the trustee of an express trust.

SECTION 9.04. Non-Waiver. A waiver of any default hereunder of breach of any obligation by the Trustee hereunder or by the Corporation or Valley Water under the Installment Purchase Agreement shall not affect any subsequent default hereunder or any subsequent breach of an obligation by the Trustee hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation by the Trustee hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Corporation or Valley Water, the Trustee, the Corporation and Valley Water shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 9.05. Application of Funds. All moneys on deposit in the funds and accounts held hereunder (other than the Series 2022B Certificate Rebate Fund) and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this article or of Article IV of the Installment Purchase Agreement shall be deposited in segregated accounts in the Series 2022B Payment Fund, and shall be applied by the Trustee in the following order and upon presentation of the several Certificates and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid.

First, Costs and Expenses: ratably to the payment of the costs and expenses of the Trustee and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, accountants and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Certificates then due, and, if the amount available shall not be sufficient to pay in full any payment or payments of interest coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Certificates which shall have become due, whether on the Certificate Payment Date or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest evidenced and represented by the Certificates to be paid at a rate equal to the rate or rates of interest then applicable to the Certificates if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of interest, principal and prepayment premiums, if any, due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 9.06. Remedies Not Exclusive. No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

SECTION 9.07. No Liability by the Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments by Valley Water, or with respect to the observance or performance by Valley Water of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed or performed by it, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 9.08. No Liability by Valley Water to the Owners. Except for the payment when due of the Installment Payments and the observance and performance of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed or performed by it, Valley Water shall not have any obligation or liability to the Owners with respect hereto or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the Installment Payments by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 9.09. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments by Valley Water, or with respect to the observance or performance by Valley Water of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed and performed by Valley Water. The recitals of facts, covenants and agreements contained herein and in the Certificates shall be taken as statements, covenants and agreements of Valley Water and the Corporation, and the Trustee neither assumes any responsibility for the accuracy of the same, nor makes any representations as to the validity or sufficiency of this Trust Agreement or of the certificates nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon the Trustee.

SECTION 9.10. Actions by the Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated, and the Trustee is hereby appointed (and the successive respective Owners, by taking and holding the same, shall be conclusively deemed so to have appointed the Trustee) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any suit, action, or proceeding and to do perform any and all acts and things for and on behalf of the respective Owners, as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, that the Trustee need not institute any such suit, action or proceeding until it shall have been first provided with indemnity adequate to it.

SECTION 9.11. Power of the Trustee to Control Proceedings. In the event that the Trustee, upon the occurrence of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder whether upon its own discretion, it shall

have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Certificates and Trust Agreement.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of any Outstanding Certificates the interest and principal and prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated herein and therein, then such Owners evidenced and represented thereby shall cease to be entitled to the pledge of and lien on the moneys in the Series 2022B Payment Fund, as provided herein, and all agreements, covenants and other obligations of the Corporation and Valley Water to said Owners hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Corporation and Valley Water all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to Valley Water all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented thereby.

(b) Any Outstanding Certificates shall on their Certificate Payment Date or their dates of prepayment prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money held in trust for the benefit of the Owners of such Certificates which is sufficient to pay the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates payable on and prior to their Certificate Payment Date or their dates of prepayment prior thereto.

Any Outstanding Certificates shall prior to their Certificate Payment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their respective Certificate Payment Date, Valley Water shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 3.03 of this Trust Agreement, notice of prepayment of such Certificates on said prepayment date, said notice to be given in accordance with Section 3.03 of this Trust Agreement, (2) there shall have been irrevocably deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant be sufficient to pay when due the interest evidenced and represented by such Certificates on and prior to their respective Certificate Payment Date or prepayment date thereof, as the case may be, (3) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, Valley Water shall have given the Trustee in form satisfactory to it irrevocable instructions to provide as soon as practicable, a notice to the Owners of such Certificates that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this Section and stating the maturity date or prepayment date upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on such Certificates, and (4) in the

case of Book-Entry Certificates, the Trustee shall give notice to the Depository of the prepayment of all or part of such Book-Entry Certificates on the date proceeds or other funds are deposited in escrow with respect to such Book-Entry Certificates.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, the Trustee shall notify Valley Water and the Corporation of any money held by the Trustee in trust for the payment and discharge of any of the Certificates which has remained unclaimed for two (2) years after the date when such Certificates have become due and payable, either at their stated maturity dates or by call for prepayment prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee. The Trustee shall at the Written Request of Valley Water transfer such money to the State to become subject to the escheat laws of the State free from the trusts created by this Trust Agreement upon receipt of an indemnification agreement acceptable to Valley Water and the Trustee indemnifying the Trustee with respect to claims of Owners of Certificates 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 Certificates which have not yet been paid, at the addresses shown on the registration books of the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates 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 of Valley Water Limited to Installment Payments. Notwithstanding anything contained herein to the contrary, Valley Water shall not be required to advance any money derived from any source of income other than the Installment Payments as provided herein for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates or for the performance of any agreements or covenants herein contained. Valley Water may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Certificates shall be payable solely from the Installment Payments and amounts on deposit in the funds established hereunder (other than amounts on deposit in the Series 2022B Certificate Rebate Fund created pursuant to Section 5.04). The Certificates do not constitute a debt or liability of Valley Water or of the State of California and neither the faith and credit of Valley Water nor of the State are pledged to the payment of the principal, or interest evidenced and represented by the Certificates.

SECTION 11.02. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity other than the Corporation, Valley Water, the Trustee and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Corporation, Valley Water or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.03. Successor is Deemed Included in All References to Predecessor.

Whenever herein either the Corporation, Valley Water or any member, officer or employee thereof is named or referred to, such reference shall be deemed to include the respective successor to the powers, duties and functions with respect to the administration, control and management of the Project that are presently vested in the Corporation, Valley Water or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Corporation, Valley Water or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.04. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn before such notary public or other officer. The ownership of any Certificates and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Certificates at the Corporate Trust Office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by Valley Water in good faith and in accordance therewith.

SECTION 11.05. Waiver of Personal Liability. No member, officer or employee of Valley Water shall be individually or personally liable for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates by reason of their delivery, but nothing herein contained shall relieve any member, officer or employee of Valley Water from the performance of any official duty provided by any applicable provisions of law or hereby.

SECTION 11.06. Acquisition of Certificates by Valley Water. All Certificates acquired by Valley Water, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 11.07. Destruction of Cancelled Certificates. Whenever provision is made for the return to Valley Water of any Certificates which have been cancelled pursuant to the provisions hereof, the Trustee shall destroy such Certificates and furnish to Valley Water a certificate of such destruction.

SECTION 11.08. Funds. Any fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. The Trustee may establish such funds and accounts hereunder as it deems necessary or appropriate to perform its obligations under this Trust Agreement.

SECTION 11.09. Article and Section Readings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 11.10. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of Valley Water, the Corporation or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law. Valley Water, the Corporation and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the delivery of the Certificates pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.11. Execution in Several Counterparts. This Trust Agreement 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, the Corporation and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.12. Law Governing. This Trust Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 11.13. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first-class postage prepaid, namely:

If to the Trustee:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust

If to the Corporation:

Santa Clara Valley Water District
Public Facilities Financing Corporation
c/o Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: District Counsel

If to Valley Water:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: Treasury/Debt Officer

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be signed by one of their officers thereunder duly authorized, all as of the day and year first above written.

SANTA CLARA VALLEY WATER DISTRICT

(SEAL)

By: _____
Authorized Officer

ATTEST:

Clerk of the Board of Directors

SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING
CORPORATION

(SEAL)

By: _____
President

ATTEST:

Secretary

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

By: _____
Authorized Officer

EXHIBIT A
FORM OF CERTIFICATE OF PARTICIPATION

No. R-__ \$_____

Safe Clean Water Program Revenue Certificate of Participation
(Interim Obligations)
Series 2022B

Evidencing and Representing a Proportionate,
Undivided Interest of the Owner Hereof
in Installment Payments to Be Made

by the

SANTA CLARA VALLEY WATER DISTRICT
to the

Santa Clara Valley Water District Public Facilities Financing Corporation
under and pursuant to the
Installment Purchase Agreement

<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Dated Date</i>	<i>CUSIP</i>
_____ %	December 1, 2026	_____, 2022	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Certificate of Participation (the "Certificate") is the owner of an undivided interest in the right to receive the Installment Payments (as defined below) payable by the Santa Clara Valley Water District ("Valley Water") pursuant to the Installment Purchase Agreement (described below) on the maturity date specified above (subject to any right of prior prepayment provided for) the principal sum specified above, together with interest evidenced and represented hereby at the interest rate per annum specified above on each June 1 and December 1 commencing June 1, 2023 (the "Interest Payment Dates") from the Interest Payment Date next preceding the date of execution hereof, unless such date of execution is during the period commencing after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") through and including the next succeeding Interest Payment Date, in which event this Certificate shall represent interest from such Interest Payment Date and with respect to the first Interest Payment Date, this Certificate shall represent interest from the Dated Date until the principal evidenced and represented hereby shall have been paid; provided, however, that if on the date of execution of this Certificate, interest is then in default on the Certificates, this Certificate shall evidence interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Certificate.

The principal evidenced and represented by this Certificate shall be payable (without notice of payment to the registered owner hereof) in lawful money of the United States of America at the Corporate Trust Office (as defined in the Trust Agreement) of U.S. Bank Trust Company, National

Association, (herein, together with any successor as trustee under the hereinafter defined Trust Agreement, called the “Trustee”) upon presentation and surrender of this Certificate.

Payment of interest evidenced and represented by this Certificate due on or before the maturity or prior prepayment hereof shall be made to the person in whose name this Certificate is registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Trustee at its Corporate Trust Office such interest to be paid by check mailed by first class mail by the Trustee on such Interest Payment Date to the registered owner at his address as it appears on such books; provided that upon the written request of an Owner of \$1,000,000 or greater in aggregate principal amount of outstanding Certificates received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds to an account within the United States of America. Interest evidenced and represented by this Certificate shall be payable in lawful money of the United States of America. Interest on the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Certificate is one of a duly authorized issue of Certificates of Participation of Valley Water designated as the “Safe Clean Water Program Revenue Certificates of Participation (Interim Obligations), Series 2022B (the “Certificates”) in the aggregate principal amount of _____ Dollars (\$_____), all of like tenor and date (except for variations relating to Certificates (as may be required to designate varying numbers, maturities and interest rates), and is executed and delivered, under and pursuant to the provisions of a trust agreement, dated as of November 1, 2022 (the “Trust Agreement”), by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and the Trustee (copies of which are on file at the Corporate Trust Office of the Trustee).

The Certificates are executed and delivered to provide funds for financing public facilities of Valley Water and to reimburse Valley Water for previous amounts expended on the financing of public facilities. The Certificates are payable solely from installment payments (the “Installment Payments”) paid by Valley Water for the purchase of the Project pursuant to an Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation (the “Installment Purchase Agreement”), including interest or profits from the investment of money in certain funds established under the Trust Agreement for the payment of the Certificates (other than amounts on deposit in the Series 2022B Certificate Rebate Fund) and amounts on deposit in the funds established under the Trust Agreement (other than amounts on deposit in the Series 2022B Certificate Rebate Fund). The Installment Payments do not constitute a debt or liability of Valley Water or of the State of California in contravention of any constitutional or statutory debt limit and neither the faith and credit of Valley Water nor of the State of California are pledged to the payment of the principal or interest evidenced and represented by the Certificates.

The Certificates are subject to optional prepayment prior to their Certificate Payment Date by Valley Water on any date on or after ____ 1, 20____, upon notice as provided in the Trust Agreement, as a whole or in part by lot in such order of maturity as Valley Water may determine, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to 100% of the principal amount to be prepaid, plus interest, if any, accrued with respect thereto to the date of prepayment, without premium.

Notice of prepayment of this Certificate shall be given by the Trustee not less than twenty (20) days nor more than sixty (60) days prior to the prepayment date to (i) the respective Owners of the Certificates designated for prepayment at their addresses appearing on the registration books of

the Trustee (ii) the Securities Depositories and (iii) the Information Services subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of prepayment has been duly given as aforesaid and money for the payment of the above-described prepayment price is held by the Trustee, in the Series 2022B Payment Fund then this Certificate so called for prepayment shall, on the prepayment date designated in such notice, become due and payable at the above-described prepayment price; and from and after the date so designated, interest evidenced and represented on this Certificate shall cease to accrue and the registered owner of this Certificate shall have no rights in respect hereto except to receive payment of the prepayment price hereof.

This Certificate is transferable only in the books required to be kept for that purpose at the Corporate Trust Office of the Trustee by the registered owner hereof in person or by his duly authorized attorney, upon surrender of this Certificate together with a duly executed written instrument of transfer in a form approved by the Trustee and thereupon a new fully registered Certificate or Certificates will be executed and delivered, by the Trustee of like series and of authorized denominations of the same Certificate Payment Date evidenced and representing the same aggregate principal amount a Certificate will be issued to the transferee in exchange therefor. This Certificate may be exchanged at the Corporate Trust Office of the Trustee for the same aggregate principal amount evidenced and represented by a Certificate of authorized denominations. The Trustee shall not be required to register the transfer of or exchange (i) any Certificates during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate which has been selected for prepayment in whole or in part.

The Trustee may treat the registered owner hereof as the absolute owner hereof all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any notice or knowledge to the contrary; and payment of the interest and principal prepayment premiums and represented by the Certificate shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability evidenced and represented by this Certificate to the extent of the sum or sums so paid.

The Trust Agreement and the rights and obligations of Valley Water, the Corporation, the Trustee and of the registered owners of the Certificates may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Trust Agreement, but no such modification or amendment shall (i) extend the maturity of this Certificate or reduce the rate of interest or yields-to-maturity, as the case may be hereon or extend the time of payment of interest, or reduce the amount of principal hereon, or reduce any premium payable on the prepayment hereon without the consent of the registered owner of this Certificate, (ii) reduce the percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification or, (iii) modify any rights or obligations of the Trustee of the Corporation without its prior written assent thereto, all as more fully set forth in the Trust Agreement.

If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the registered owners of any outstanding Certificates the interest and the principal and the prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated herein and in the Trust Agreement, then the registered owners of such Certificates shall cease to be entitled to the pledge of and lien on the moneys in the Series 2022B Payment Fund, as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Corporation and Valley Water to the registered owners of such Certificates under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied.

This Certificate shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until executed and dated by the Trustee.

Valley Water certified that all acts and proceedings required by law necessary to make this Certificate, when executed by the Trustee and duly issued, the valid, binding and legal special obligation of Valley Water have been done and taken, and have been in all respects duly authorized.

The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity. The Trustee is not liable for the obligations evidenced by the Certificates except from amounts held by it in its capacity as Trustee under the Trust Agreement.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized officer of the Trustee as of the date set forth below.

Date of Execution: _____, 2022

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

By: _____
Authorized Officer

[FORM OF ASSIGNMENT TO CERTIFICATES]

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

(name, address and social security number or other identifying number)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTE: Signature(s) must be guaranteed by
an eligible guarantor institution

EXHIBIT B

FORM OF WRITTEN REQUEST FOR REQUISITION FROM ACQUISITION AND CONSTRUCTION FUNDS

\$_____

SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
(INTERIM OBLIGATIONS)
SERIES 2022B

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 5.05 of that certain Trust Agreement, dated as of November 1, 2022 (the “Trust Agreement”), by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) 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 2022B Acquisition and Construction Fund established under the Trust Agreement, 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 Acquisition Fund;
- (iv) that there has not been filed with or served upon Valley Water or the Corporation 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 FUND DISBURSEMENTS

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

SANTA CLARA VALLEY WATER DISTRICT

\$ _____
Safe Clean Water Program Revenue Certificates of Participation
(Interim Obligations)
Series 2022B

INTERIM OBLIGATION PURCHASE CONTRACT

_____, 2022

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3614

Ladies and Gentlemen:

The undersigned, _____, on its own behalf and as representative (the “*Representative*”) of the underwriters identified herein (collectively with the Representative, the “*Underwriters*”), offers to enter into this Interim Obligation Purchase Contract (this “*Interim Obligation Purchase Contract*”) with the Santa Clara Valley Water District (“*Valley Water*”), which will be binding upon Valley Water and the Underwriters upon the acceptance hereof by Valley Water by execution and delivery of this executed Interim Obligation Purchase Contract to the Representative on or before 10:00 p.m., California time, on the date hereof. Capitalized terms used in this Interim Obligation Purchase Contract and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement (as defined herein).

Any authority, discretion, or other power conferred upon the Underwriters by this Interim Obligation Purchase Contract shall be exercised by the Representative alone, except as otherwise expressly provided.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriters hereby agree to purchase from Valley Water for reoffering to the public, and Valley Water hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of Valley Water’s \$_____ principal amount of Safe Clean Water Program Revenue Certificates of Participation (Interim Obligations), Series 2022B (the Interim Obligations”).

The Interim Obligations shall be dated the date of delivery thereof and shall be payable on December 1, 2026, in the amounts of \$_____, bear interest at ___% per annum, and be subject to prepayment as set forth in Schedule I hereto. Interest with respect to the Interim Obligations shall be payable on June 1 and December 1 of each year, commencing June 1, 2023.

The purchase price for the Interim Obligations shall be \$_____, which is equal to the principal amount of the Interim Obligations, plus original issue premium of \$_____, and less an underwriters’ discount of \$_____.

The obligation of the Underwriters to purchase, accept delivery of, and pay for the Interim Obligations is conditioned on the execution and delivery by Valley Water of all of the Interim Obligations to the Underwriters at Closing (as hereinafter defined).

Section 2. Description of the Interim Obligations. The Interim Obligations are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2022 (the “*Trust Agreement*”) by and among Valley Water, Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The Interim Obligations represent a right to receive the installment payments (the “*Installment Payments*”) payable by Valley Water under an Installment Purchase Agreement dated as of November 1, 2022 by and between Valley Water and the Corporation (the “*Interim Obligation Installment Purchase Agreement*”). The Installment Payments are made solely from SCW Revenues (as such term is defined in the SCW Master Resolution (defined below)) as provided in the SCW Master Resolution. Pursuant to the terms of the Assignment Agreement made and entered into as of November 1, 2022 (the “*Assignment Agreement*”), the Corporation will assign the Installment Payments to the Trustee for the benefit of the owners of the Interim Obligations.

The Interim Obligation Installment Purchase Agreement is being executed and delivered pursuant to Resolution No. 21-34 adopted by the Board of Directors on May 11, 2021 (the “*SCW Master Resolution*”), Resolution No. 22-__ adopted by the Board of Directors on November 8, 2022 (the “*2022 Resolution*” and together with the SCW Master Resolution, the “*Resolution*”). The Interim Obligations shall be as described in the Trust Agreement.

The proceeds of the Interim Obligations will be used to: (i) [acquire and /or construct certain capital improvements included in the Safe Clean Water and Natural Flood Protection Program]; (ii) to capitalize interest with respect to the Interim Obligations and (iii) pay costs of execution and delivery of the Interim Obligations.

The Interim Obligations Installment Purchase Agreement is a special obligation of Valley Water secured by a pledge of SCW Revenues and payable solely from SCW Revenues prior to \$_____ aggregate principal amount of subordinate obligations.

In order to enable the Underwriters to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (“*Rule 15c2-12*”), Valley Water and U.S. Bank Trust Company, National Association, as dissemination agent (the “*Dissemination Agent*”), will execute and deliver a Continuing Disclosure Agreement (the “*Continuing Disclosure Agreement*”) concurrently with delivery of the Interim Obligations.

Section 3. Public Offering. The Underwriters agree to make a bona fide public offering of all the Interim Obligations initially at the public offering prices (or yields) set forth on Schedule I attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Representative reserves the right to change the public offering prices (or yields) as the Representative deems necessary in connection with the marketing of the Interim Obligations, provided that the Representative shall not change the interest rates set forth on Schedule I. The Interim Obligations may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Section 4. Delivery of Official Statement. Valley Water has delivered or caused to be delivered to the Underwriters prior to the execution of this Interim Obligation Purchase Contract, copies of the Preliminary Official Statement in electronic form relating to the Interim Obligations dated _____, 2022, including the cover pages, the appendices thereto and all information incorporated therein by reference in electronic form (the “*Preliminary Official Statement*”). Such Preliminary

Official Statement was deemed final by Valley Water for purposes of Rule 15c2-12 and was approved for use and distribution by the Underwriters by the Interim Obligations.

Within seven (7) business days from the date hereof, or such earlier date identified by the Representative to be necessary to allow the Underwriters to meet their obligations under Rule 15c2-12 and Rule G-32 of the Municipal Securities Rulemaking Board (the “*MSRB*”), Valley Water shall deliver to the Underwriters a final Official Statement in electronic form, executed on behalf of Valley Water by its authorized representative and dated the date hereof, with such other amendments or supplements as shall have been approved by Valley Water and the Representative (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “*Official Statement*”) and which the Underwriters may use to comply with Rule 15c2-12 and to meet potential customer requests for copies of the Official Statement. The Representative agrees to file the Official Statement in compliance with MSRB Rule G-32.

Section 5. The Closing. At 8:00 a.m., California time, on December __, 2022, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by Valley Water and the Representative (the “*Closing Date*”), the Representative will accept delivery of the Interim Obligations on behalf of the Underwriters through the facilities of The Depository Trust Company (“*DTC*”), by initial deposit with the Trustee (in care of DTC) through DTC’s Fast Automated Securities Transfer System procedures, and the other documents described herein, duly executed, at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“*Special Counsel*”), in Newport Beach, California or another place mutually agreed upon by Valley Water and the Representative. The Representative will accept such delivery and pay the purchase price of the Interim Obligations as set forth in Section 1 in immediately available funds to the order of the Trustee on behalf of Valley Water. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “*Closing*.” The Interim Obligations will be delivered in such denominations and deposited in the account or accounts specified with DTC by the Representative in accordance with the rules and operational arrangements of DTC.

It is anticipated that CUSIP identification numbers will be inserted on the Interim Obligations, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Representative to accept delivery of the Interim Obligations in accordance with the terms of this Interim Obligation Purchase Contract.

Section 6. Representations, Warranties and Covenants of Valley Water. Valley Water represents, warrants and covenants to the Underwriters that:

(a) Due Organization, Existence and District. Valley Water is a special district, duly organized and existing under the Constitution and laws of the State of California (the “*State*”) with full right, power and authority to adopt the 2022 Resolution and to execute, deliver and perform its obligations under the Interim Obligation Installment Purchase Agreement, the Trust Agreement, this Interim Obligation Purchase Contract, and the Continuing Disclosure Agreement (collectively, the “*Financing Documents*”), and to carry out and consummate the transactions contemplated by the Resolution, the Financing Documents and as described in the Official Statement.

(b) Due Authorization and Approval. The 2022 Resolution has been duly and validly adopted by Valley Water, and Valley Water, by all necessary official action, has duly authorized the execution and delivery of the Financing Documents and the Official Statement, and the

performance by Valley Water of its obligations contained or described in the Resolution, the Financing Documents and the Official Statement, and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Resolution constitutes, and when executed and delivered, each of the Financing Documents will constitute, the legally valid and binding obligation of Valley Water enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws or equitable principles relating to or affecting creditors' rights generally or by the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State.

(c) Preliminary Official Statement Accurate and Complete. As of the date thereof and as of the date hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system, CUSIP numbers or any information incorporated into the Preliminary Official Statement or the Official Statement referred to below by reference, if any (the "Excluded Information")).

(d) Official Statement Accurate and Complete. As of the date thereof and at all times subsequent thereto, to and including the date that is 25 days following the "*End of the Underwriting Period*" for the Interim Obligations, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except no representation is made with respect to the Excluded Information). The Representative acknowledges that the "*End of the Underwriting Period*" will be the date of Closing.

(e) Valley Water Agreement to Amend or Supplement Official Statement. If, between the date of the Official Statement and the date that is 25 days after the End of the Underwriting Period for the Interim Obligations, an event occurs that would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, Valley Water will notify the Representative and, if, in the reasonable opinion of the Representative or its counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, Valley Water will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Representative and shall pay all expenses thereby incurred. Notwithstanding the foregoing, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Interim Obligations, Valley Water will furnish such information with respect to itself as the Representative may from time to time reasonably request.

(f) Amended Official Statement. If the information contained in the Official Statement is amended or supplemented pursuant to Section 6(e), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date that is 25 days after the End of the Underwriting Period for the Interim Obligations, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading

(except no representation is made with respect to information relating to the Excluded Information, if any).

(g) No Material Change in Finances. Except as otherwise described in the Preliminary Official Statement and the Official Statement, there shall not have been any material adverse changes in the financial condition of Valley Water since June 30, 2021.

(h) No Breach or Default. As of the time of acceptance hereof, (A) Valley Water is not in default, nor has it been in default, as to principal or interest with respect to an obligation issued by or on behalf of Valley Water, and (B) Valley Water is not, in any manner which would materially adversely affect the transactions contemplated by the Financing Documents and the Official Statement, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any applicable judgment or decree or any trust agreement, indenture, installment purchase agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which Valley Water is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would materially adversely affect the transactions contemplated by the Financing Documents and the Official Statement, a default or event of default under any such instrument; and, as of such time, the adoption by Valley Water of the 2022 Resolution and the authorization, execution and delivery of this Interim Obligation Purchase Contract and the other Financing Documents, and compliance by Valley Water with the provisions of each of such agreements or instruments do not in any manner which would materially adversely affect the transactions contemplated by the Financing Documents and the Official Statement, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, indenture, installment purchase agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which Valley Water (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Financing Documents.

(i) No Litigation. As of the time of acceptance hereof, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of Valley Water after due investigation, threatened (A) in any way questioning the corporate existence of Valley Water or the titles of the officers of Valley Water to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the adoption of the 2022 Resolution or the execution or delivery of the Interim Obligations, the Financing Documents, or in any way contesting or affecting the validity of the Interim Obligations or this Interim Obligation Purchase Contract, the Resolution, the Financing Documents or the consummation of the transactions contemplated thereby, or contesting the powers of Valley Water to adopt the 2022 Resolution or to enter into this Interim Obligation Purchase Contract or the other Financing Documents; (C) which, except as described in the Official Statement, may result in any material adverse change to the financial condition or operation of Valley Water or to its ability to pay the Installment Payments when due; or (D) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a

material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Prior Liens on SCW Revenues. The Interim Obligation Installment Purchase Agreement, when executed and delivered in accordance with the SCW Master Resolution will be a valid and legally enforceable obligation of Valley Water in accordance with its terms and the terms of the SCW Master Resolution; and the SCW Master Resolution will provide, for the benefit of the holders from time to time of the Interim Obligations and any Bonds and Contracts (as such terms are defined in the SCW Master Resolution) hereafter issued under the SCW Master Resolution, a legally valid and binding interest in and to the funds pledged under the SCW Master Resolution as described in the Official Statement; upon the execution and delivery of the Interim Obligations, Valley Water does not and will not have outstanding any obligations which obligations are secured by a lien on the SCW Revenues superior to or except as described in the Official Statement, on a parity with the Interim Obligations.

(k) Further Cooperation; Blue Sky Laws. Valley Water will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request in order (A) to qualify the Interim Obligations for offer and sale under the Blue Sky or other bond laws and regulations of such states and other jurisdictions of the United States of America as the Representative may designate and (B) to determine the eligibility of the Interim Obligations for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Interim Obligations; provided, however, that Valley Water shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(l) Consents and Approvals. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by Valley Water of its obligations in connection with, this Interim Obligation Purchase Contract, the Resolution, and the Financing Documents have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Interim Obligations.

(m) No Other Obligations. Except as disclosed in the Official Statement, between the date of this Interim Obligation Purchase Contract and the date of Closing, Valley Water will not, without the prior written consent of the Representative, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the SCW Revenues.

(n) Certificates. Any certificate signed by any official of Valley Water and delivered to the Representative shall be deemed to be a representation and warranty by Valley Water to the Underwriters as to the statements made therein.

(o) Continuing Disclosure Undertakings. Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, Valley Water has not failed during the previous five years to comply in all material respects with any previous continuing disclosure undertakings that it has entered into pursuant to Rule 15c2-12.

(p) Relationship between the Underwriters and Valley Water. Valley Water acknowledges and agrees that: (i) no Underwriter is acting as a fiduciary or as a “municipal advisor” within the meaning of Section 15B of the Securities Exchange Act of 1934; (ii) the purchase and sale of the Interim Obligations pursuant to this Interim Obligation Purchase Contract is an arm’s length commercial transaction among Valley Water and the Underwriters, (iii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or fiduciary of Valley Water; (iv) with respect to the offering of the Interim Obligations or the process leading thereto (whether or not any Underwriter or any affiliate of such Underwriter, has advised or is currently advising Valley Water on other matters), such Underwriter has not assumed fiduciary responsibilities in favor of Valley Water or any other obligation to Valley Water except as expressly set forth in this Interim Obligation Purchase Contract; (v) Valley Water has consulted its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Interim Obligations; and (vi) each Underwriter has financial interests that differ from those of Valley Water.

Section 7. Closing Conditions. The Representative has entered into this Interim Obligation Purchase Contract in reliance upon the representations and warranties of Valley Water contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by Valley Water of its obligations hereunder, both as of the date hereof and as of the Closing. The obligations of the Underwriters under this Interim Obligation Purchase Contract to purchase, accept delivery of and to pay for the Interim Obligations shall also be subject to the following additional conditions:

(a) Official Statement. The Underwriters have received copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Representative) in such reasonable quantity as the Representative shall have requested.

(b) Bring-Down Representation. The representations, warranties and covenants of Valley Water contained herein shall be true, complete and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the date of the Closing.

(c) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the Resolution will have been duly adopted and the Official Statement will have been duly authorized, executed and delivered by Valley Water; the Financing Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Representative, (ii) there shall be in full force and effect such resolutions as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the Resolution, the Financing Documents, and the Official Statement, (iii) Valley Water shall perform or have performed its obligations required or specified in this Interim Obligation Purchase Contract and the Resolution to be performed at or prior to Closing, and (iv) the Official Statement shall not have been supplemented or amended, except pursuant to Section 7(e) hereof or as otherwise may have been agreed to in writing by the Representative.

(d) No Default. At the time of the Closing, no default, or any event that with the passage of time would be reasonably likely to result in default, shall have occurred or be existing under the Resolution, or any other agreement or document pursuant to which any of Valley Water’s financial obligations was issued, and Valley Water shall not be in default in the payment of principal or interest with respect to any of its financial obligations which default would materially adversely impact the ability of Valley Water to pay the Installment Payments.

(e) Termination Events. The Representative shall have the right to terminate this Interim Obligation Purchase Contract, without liability therefor, by notification to Valley Water upon the occurrence of any of the following events if at any time at or prior to the Closing and, if in the reasonable opinion of the Representative such event has a material and adverse effect on the market price of the Interim Obligations:

(i) any event occurs on or after the date hereof which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained in the Official Statement not misleading in any material respect, notwithstanding the approval by the Representative of any amendment or supplement prior to its distribution.

(ii) an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Interim Obligation Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chair or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of Valley Water, or the interest with respect to bonds or notes or obligations of the general character of the Interim Obligations; or

(iii) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, or any other federal or State agency or the Congress of the United States, or by Executive Order; or

(iv) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered; or

(v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, delivery, offering or sale of obligations of the general character of the Interim Obligations, or the delivery, offering or sale of the Interim Obligations, including all

underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Interim Obligations, or the Interim Obligations, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by the New York Stock Exchange or by any other national securities exchange or by any federal or State governmental authority; or

(vii) a general banking moratorium shall have been established by federal or State authorities; or

(viii) any outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, the occurrence of any other local, national, or international calamity or crisis, or any escalation thereof; or

(ix) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by either of the rating services assigning ratings to the Interim Obligations; or

(x) the commencement of any action, suit or proceeding described in Section 6(i) hereof; or

(xi) there shall be in force a general suspension of trading on the New York Stock Exchange.

(f) Closing Documents. At or prior to the Closing, the Representative shall receive with respect to the Interim Obligations (unless the context otherwise indicates) the following documents:

(i) Resolution and Financing Documents. Certified copies of the Resolution and executed copies of the Financing Documents.

(ii) Corporation Resolution and Corporation Documents. A certified copy of the Corporation Resolution and executed copies of the Corporation Documents (as defined herein).

(iii) Preliminary and Final Official Statements. The Preliminary Official Statement and the Official Statement, with the Official Statement executed by duly authorized officers of Valley Water.

(iv) Continuing Disclosure Agreement. The Continuing Disclosure Agreement executed on behalf of Valley Water and the Dissemination Agent by their respective duly authorized officers.

(v) Opinion of Special Counsel. An approving opinion of Special Counsel dated the date of the Closing and substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the

Representative and the Trustee, to the effect that the foregoing opinion addressed to Valley Water may be relied upon by the Underwriters and the Trustee to the same extent as if such opinion were addressed to them.

(vi) *Supplemental Opinion.* A supplemental opinion or opinions of Special Counsel addressed to the Representative, in form and substance acceptable to the Representative, and dated the date of the Closing substantially to the following effect:

(A) Valley Water has duly and validly executed the Interim Obligation Purchase Contract, and the Interim Obligation Purchase Contract constitutes the legal, valid and binding agreement of Valley Water, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State; and

(B) The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE 2022A BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2022A BONDS ND THE 2022B INTERIM OBLIGATIONS," "TAX MATTERS," and in Appendices B, D, E, F and I thereto, insofar as such statements purport to summarize certain provisions of the Interim Obligations, the SCW Master Resolution, the Financing Documents, and the final approving opinion of Special Counsel, are accurate in all material respects; and

(vii) *Opinion of District Counsel.* An opinion of District Counsel, dated the date of the Closing and addressed to the Representative and the Trustee, in form and substance acceptable to Special Counsel and Underwriters' Counsel, substantially to the following effect:

(A) Valley Water is a special district, duly created and lawfully existing under the Constitution and laws of the State of California;

(B) The Resolution has been duly adopted at meetings of the board of directors of Valley Water, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The Interim Obligations, the Financing Documents, and this Interim Obligation Purchase Contract have been duly authorized, executed and delivered by Valley Water and, assuming the validity thereof against the other parties thereto, constitute the valid, legal and binding agreements of Valley Water enforceable against Valley Water in accordance with their respective terms and Valley Water has full right, power and authority to carry out and consummate all transactions contemplated by the Financing Documents as of the date of the Official Statement and as of the Closing Date;

(D) The adoption of the 2022 Resolution and the execution and delivery of the Interim Obligations, the Financing Documents, and this Interim

Obligation Purchase Contract and compliance with the provisions thereof and the Resolution, under the circumstances contemplated thereby, do not and will not, conflict with, or constitute, or with the giving of notice or the passage of time would constitute, on the part of Valley Water a breach of or default under, any material agreement or other instrument to which Valley Water is a party or by which it is bound (as determined by reference to a certificate of Valley Water identifying material agreements and instruments) or any existing law, administrative rule, regulation, order, decree, judgment, license or permit to which Valley Water is subject (excluding, however, any opinion as to compliance with any applicable federal securities laws); or by which Valley Water or any of its property is bound;

(E) The Official Statement has been prepared by, or on behalf of, Valley Water under the supervision of Valley Water's Authorized Officer, and executed on its behalf by authorized officers of Valley Water;

(F) The information in the Official Statement relating to Valley Water, the Safe, Clean Water and Natural Flood Protection Program and the operations thereof and under the caption "LITIGATION" are true and accurate to the best of such counsel's knowledge at and as of the date of the Official Statement and at and as of the date of Closing;

(G) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for Valley Water to adopt the 2022 Resolution or to enter into the Financing Documents or this Interim Obligation Purchase Contract or to perform its obligations thereunder;

(H) Except as described in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to such counsel's best knowledge after due investigation, threatened (A) in any way questioning the corporate existence of Valley Water or the titles of the officers of Valley Water to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the adoption of the Resolution or the execution or delivery of the Interim Obligations, this Interim Obligation Purchase Contract or the Financing Documents or in any way contesting or affecting the validity of the Interim Obligation Purchase Contract, the Resolution, or the Financing Documents or the consummation of the transactions contemplated thereby, or contesting the powers of Valley Water to adopt the Resolution or to enter into this Interim Obligation Purchase Contract or the Financing Documents; (C) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of Valley Water or to its ability to pay the principal of and interest with respect to the Interim Obligations when due; or (D) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding,

inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, of the nature described in clauses (A) through (D) above; and

(I) Based on the information made available to such counsel, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (except as set forth in paragraph (F) above), nothing has come to such counsel's attention which would lead such counsel to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, and the Excluded Information, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) *Opinion as Counsel to the Corporation.* An opinion of Valley Water's District Counsel as Counsel to the Corporation, dated the date of the Closing and addressed to the Underwriters and the Trustee, in form and substance acceptable to Special Counsel, substantially to the following effect:

(A) The Corporation is nonprofit public benefit corporation duly organized and validly existing under the laws of the State;

(B) Resolution No. PFFC-22-__ adopted by the board of directors of the Corporation on October ___, 2022 (the "*Corporation Resolution*") approving and authorizing the execution and delivery of the Trust Agreement, the Interim Obligation Installment Purchase Agreement, and the Assignment Agreement (collectively, the "*Corporation Documents*"), was duly adopted at a meeting of the board of directors of the Corporation called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Corporation Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The execution and delivery of the Corporation Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the Corporation a breach of or default under, any agreement or other instrument to which the Corporation is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Corporation is subject; and

(D) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the Corporation to enter into the Corporation Documents, or to perform its obligations thereunder;

(ix) *Opinion of Counsel to the Underwriters.* An opinion of _____ ("Underwriters' Counsel"), dated the date of Closing and addressed to the Underwriters to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in

the Official Statement, and having made no independent investigation or verification thereof, no information has come to the attention of the attorneys rendering legal services in connection with such representation that leads them to believe that, as of the date of Closing, the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the appendices (excluding APPENDIX G - "FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE 2022B INTERIM OBLIGATIONS") or the Excluded Information, as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; that the Interim Obligations are exempt from registration under the Securities Act of 1933, as amended; the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and the Continuing Disclosure Agreement provides a suitable basis for the Underwriters, in connection with the Offering (as defined in Rule 15c2-12) of the Interim Obligations to make a reasonable determination as required by section (b)(5) of such Rule.

(x) *Opinion of Trustee Counsel.* The opinion of counsel to the Trustee, dated the Closing Date, addressed to Valley Water and the Underwriters, to the effect that:

(A) The Trustee is a national banking association duly organized and validly existing and in good standing under the laws of the United States of America and has full power and authority to execute and deliver the Trust Agreement, the Assignment Agreement and the Interim Obligations and to perform its respective obligations thereunder;

(B) The Trustee acknowledges and accepts its obligations under the Trust Agreement and the Assignment Agreement and that such acceptance is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(C) The Continuing Disclosure Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by Valley Water, the Continuing Disclosure Agreement constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(D) The Trustee has duly executed the Interim Obligations upon the order of Valley Water;

(E) The Trustee's actions in performing its obligations under the Trust Agreement and the Assignment Agreement and in executing and delivering the Continuing Disclosure Agreement is in full compliance with, and does not conflict with any applicable law or governmental regulation and, to the best of such counsel's knowledge, after reasonable inquiry with respect thereto, does not conflict with or

violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound; and

(F) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution of the Interim Obligations or the consummation by the Trustee of its obligations under the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Agreement.

(xi) *Resolution of the Trustee.* A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers and employees of the Trustee, which resolution authorizes the execution and delivery of the Assignment Agreement and the Financing Documents to which the Trustee is a party.

(xii) *Certificate of Valley Water.* A certificate of Valley Water, dated the date of the Closing, signed on behalf of Valley Water by an Authorized Officer (as such term is defined in the 2022 Resolution) to the effect that:

(A) The representations, warranties and covenants of Valley Water contained in this Interim Obligation Purchase Contract are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and Valley Water has complied with all of the terms and conditions of this Interim Obligation Purchase Contract required to be complied with by Valley Water at or prior to the date of the Closing;

(B) No event affecting Valley Water has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and

(C) No event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the Resolution or the Financing Documents.

(xiii) *Certificate of the Corporation.* A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by an authorized officer of the Corporation to the effect that:

(A) The Corporation is a nonprofit public benefit corporation, duly formed and organized and existing under the laws of the State, with full right, power and authority to adopt the Corporation Resolution, to execute, deliver and perform its obligations under the Corporation Documents, and to carry out and consummate the transactions contemplated by the Corporation Resolution, the Corporation Documents and described in the Official Statement;

(B) By all necessary official action, the Corporation duly adopted the Corporation Resolution on _____, 2022 by a majority of the members of the

Board of Directors of the Corporation at a meeting duly called, noticed and conducted, and at which a quorum was present and acting throughout, and has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations contained in, the Official Statement and the Corporation Documents and as of the Closing Date, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Corporation Documents will constitute the legally valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors' rights, to the application of equitable principles if equitable principles are sought, and to the exercise of judicial discretion in appropriate cases;

(C) The Corporation is not, in any manner that would materially adversely affect the transactions contemplated by the Corporation Resolution and the Corporation Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or event of default under any such instrument which breach or default would materially adversely affect the security of the Interim Obligations or the Corporation's performance under the Corporation Documents; and, except as disclosed in the Official Statement, the authorization, execution and delivery of the Corporation Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Corporation Documents.

(D) Except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened (i) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of the Interim Obligations, the payment of the Installment Payments, in any way contesting or affecting the validity of the Interim Obligations, the Corporation Resolution, or the Corporation Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or contesting the power of the Corporation to adopt the Corporation Resolution, or enter into the Corporation Documents; (iii) which may result in any

material adverse change relating to the Corporation or relating to the financial condition of the Corporation;

(E) The Corporation will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to qualify the Interim Obligations for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and to determine the eligibility of the Interim Obligations for investment under the laws of such states and other jurisdictions and will use efforts to continue such qualifications in effect so long as required for distribution for the Interim Obligations; provided, however, that the Corporation shall not be required to execute a general or special consent to service of process or qualify to do business in connection with such qualification in any jurisdiction;

(F) No event affecting the Corporation has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the Corporation Documents;

(G) All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with, the Corporation Resolution or the Corporation Documents of the acquisition of the Project have been duly obtained or made, except as may be required under the Blue Sky laws of any state in connection with the offering of the Interim Obligations; and

(H) Any certificate signed by any official of the Corporation and delivered to the Underwriters shall be deemed to be a representation and warranty of the Corporation to the Underwriters as to the statements made therein.

(xiv) *Certificate of the Trustee.* A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to the Underwriter, to the following effect:

(A) The Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to serve as Trustee under the Trust Agreement and to enter into and perform its duties under the Assignment Agreement and the Continuing Disclosure Agreement;

(B) The Trustee has duly executed and delivered the Trust Agreement, the Assignment Agreement and the Continuing Disclosure Agreement, and assuming due authorization and execution by the other parties thereto, the Trust Agreement, the Assignment Agreement and the Continuing Disclosure Agreement are each legal, valid and binding obligations of the Trustee, and enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights

generally and by the application of equitable principles, if equitable remedies are sought;

(C) The Trustee has duly executed the Interim Obligations and delivered the Interim Obligations to or upon the order of the Representative; and

(D) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Interim Obligations or the consummation by the Trustee of its obligations under the Resolution, the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Agreement.

(xv) *Tax Certificate*. A tax certificate executed by Valley Water with respect to the Interim Obligations.

(xvi) *CDIAC Notice and Report*. A copy of the Notice of Proposed Sale and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission (“CDIAC”) pursuant to Section 8855(g) of the California Government Code.

(xvii) *Ratings*. Evidence that the Interim Obligations have been rated “____” (stable outlook) by [Fitch Ratings, Inc.] and “____” (stable outlook) by [Moody’s Investors Service, Inc.]

(xviii) *Additional Documents*. Such additional legal opinions, certificates, instruments and documents as Special Counsel, the Representative, or Underwriters’ Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations and warranties of Valley Water contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by Valley Water and the Trustee on or prior to the Closing Date of all material agreements then to be performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Resolution and the Financing Documents.

If Valley Water shall be unable to satisfy the conditions contained in this Interim Obligation Purchase Contract, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Interim Obligation Purchase Contract, this Interim Obligation Purchase Contract shall terminate and none of the Underwriters or Valley Water shall be under further obligation hereunder, except as further set forth in Section 9 hereof.

Section 8. Establishment of Issue Price of the Interim Obligations.

(a) The Representative, on behalf of the Underwriters, agrees to assist Valley Water in establishing the issue price of the Interim Obligations and shall execute and deliver to Valley Water at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Schedule B to Appendix A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, Valley Water and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Interim Obligations. All actions to be

taken by Valley Water under this Section 8 to establish the issue price of the Interim Obligations may be taken on behalf of Valley Water by Public Resources Advisory Group, Inc., the municipal advisor to Valley Water (the “*Municipal Advisor*”), and any notice or report to be provided to Valley Water may be provided to the Municipal Advisor.

(b) [Except as otherwise set forth in Schedule I attached hereto,] Valley Water will treat the first price at which 10% of each maturity of the Interim Obligations (the “10% test”) is sold to the public on the date of this Interim Obligation Purchase Contract as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Interim Obligation Purchase Contract, the Representatives shall report to Valley Water the price or prices at which the Underwriters have sold to the public each maturity of Interim Obligations. [If at that time the 10% test has not been satisfied as to any maturity of the Interim Obligations, the Representative agrees to promptly report to Valley Water the prices at which the Interim Obligations of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all of the Interim Obligations of that maturity have been sold or (ii) the 10% test has been satisfied as to the Interim Obligations of that maturity, provided that, the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, Valley Water or Special Counsel.] For purposes of this Section 8, if the Interim Obligations mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity for the Interim Obligations.

[Schedule I and subsection (c) shall apply only if the Representative agrees to apply the hold-the-offering-price rule, as described below.]

(c) The Representative confirms that the Underwriters have offered the Interim Obligations to the public on or before the date of this Interim Obligation Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Interim Obligation Purchase Contract, the maturities, if any, of the Interim Obligations for which the 10% test has not been satisfied and for which Valley Water and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow Valley Water to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Interim Obligations, the Underwriters will neither offer nor sell unsold Interim Obligations of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Interim Obligations to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise Valley Water promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Interim Obligations to the public at a price that is no higher than the initial offering price to the public.

(d) the Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Interim Obligations to the public, together with the related pricing wires, contains or 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, as applicable:

(A) to report the prices at which it sells to the public the unsold Interim Obligations of each maturity allocated to it, whether or not the Closing Date has occurred, until either all of the Interim Obligations of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Interim Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of the Interim Obligations that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Interim Obligations to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Interim Obligations to the public, together with the related pricing wires, contains or 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 Interim Obligations to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold 2022 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all of the Interim Obligations of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Interim Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(e) Valley Water acknowledges that, in making the representations set forth in this Section 8, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Interim Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Interim Obligations, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Interim Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Interim Obligations, including, but not limited to, its agreement to

comply with the hold-the-offering-price rule, if applicable to the Interim Obligations, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Interim Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Interim Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Interim Obligations, as set forth in the third-party distribution agreement and the related pricing wires. Valley Water further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Interim Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Interim Obligations, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Interim Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Interim Obligations.

(f) The Underwriters acknowledge that sales of any Interim Obligations to any person that is a related party to an underwriter participating in the initial sale of the Interim Obligations to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section 8:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with Valley Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Interim Obligations 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 Interim 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 Interim Obligations to the public);

(iii) a purchaser of any of the Interim Obligations is a "related party" to more than least 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

(iv) "sale date" means _____, 2022.

Section 9. Expenses.

(a) The Underwriters shall be under no obligation to pay and Valley Water shall pay or cause to be paid the expenses incident to the performance of the obligations of Valley Water and the Corporation hereunder including but not limited to (i) the costs of the preparation and printing,

or other reproduction (for distribution on or prior to the date hereof) of the Resolution, the Financing Documents, the Corporation Resolution or the Corporation Documents and the cost of preparing, printing, issuing and delivering the definitive Interim Obligations, (ii) the fees and disbursements of the Municipal Advisor, any counsel, accountants, or other experts or consultants retained by Valley Water, (iii) the fees and disbursements of Special Counsel, (iv) the fees of the Trustee; (v) the cost of, printing and distributing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing and distributing the Official Statement and any supplements and amendments thereto, including the requisite number of copies thereof for distribution by the Underwriters, (vi) charges of rating agencies for the rating of the Interim Obligations; and (vii) expenses (included in the expense component of the Underwriters' spread) incurred on behalf of Valley Water's officers or employees which are incidental to implementing this Interim Obligation Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees.

(b) The Underwriters shall pay all expenses incurred by them in connection with the public offering and distribution of the Interim Obligations including, but not limited to: (i) all advertising expenses in connection with the offering of the Interim Obligations; (ii) the fees and expenses of Underwriters' Counsel, (iii) the costs of preparing and printing the Blue Sky memorandum, and (iv) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Interim Obligations (including other expenses, CUSIP Service Bureau fees, fees of the CDIAC and any other fees and expenses), except as provided in Section 9(a) or as otherwise agreed to in writing by the Representative and Valley Water.

Section 10. Notices. Any notice or other communication to be given to Valley Water under this Interim Obligation Purchase Contract may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Representative or the Underwriters under this Interim Obligation Purchase Contract may be given by delivering the same in writing to the Representative, _____, _____, _____, California _____, Attention: _____.

Section 11. Entire Agreement. This Interim Obligation Purchase Contract, when accepted by Valley Water, shall constitute the entire agreement among Valley Water and the Underwriters and is made solely for the benefit of Valley Water and the Underwriters (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the representations, warranties and agreements of Valley Water contained in this Interim Obligation Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters, until the earlier of (a) delivery of and payment for the Interim Obligations hereunder, and (b) any termination of this Interim Obligation Purchase Contract.

Section 12. Counterparts. This Interim Obligation Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The counterparts of this Interim Obligation Purchase Contract may be executed and delivered by facsimile or other electronic signature (including PDF) by the parties and the receiving party may rely on the

receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. Governing Law; Venue. This Interim Obligation Purchase Contract shall be governed and interpreted exclusively by and construed in accordance with the laws of the State applicable to contracts made and to be performed in the State. Any and all disputes or legal actions or proceedings arising out of this Interim Obligation Purchase Contract or any document related hereto shall be filed and maintained in a court of competent jurisdiction in the County of Santa Clara; provided that Valley Water may waive the requirement of venue. By execution of and delivery of this Interim Obligation Purchase Contract, the parties hereto accept and consent to the aforesaid jurisdiction.

Section 15. Prior Agreements. The parties agree that the terms and conditions of this Interim Obligation Purchase Contract supersede those of all previous agreements between the parties, and that this Interim Obligation Purchase Contract contains the entire agreement between the parties hereto. In the event of a dispute between the parties under this Interim Obligation Purchase Contract, the losing party in such dispute shall pay all reasonable costs and expenses incurred by the prevailing party in connection therewith, including but not limited to attorneys' fees.

Section 16. Headings. The headings of the Sections of this Interim Obligation Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 17. No Assignment. The rights and obligations created by this Interim Obligation Purchase Contract shall not be subject to assignment by the Representative of Valley Water without the prior written consent of the other party hereto.

[REPRESENTATIVE], on behalf of the
[UNDERWRITERS]

By: _____
Authorized Officer

Agreed to and Accepted by:

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Authorized Officer

SCHEDULE I
INTERIM OBLIGATIONS
MATURITIES, AMOUNTS, RATES, YIELDS AND PRICES

Payment Date (December 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied	10% Test Not Satisfied	Subject to Hold- The- Offering- Price Rule
_____	_____	_____	_____	_____	_____	_____	_____

C Priced to par call on ____ 1, 20__.

PREPAYMENT PROVISIONS

Optional Prepayment

The Interim Obligations are subject to optional prepayment prior to their respective maturity dates by Valley Water on any date on or after ____ 1, 20__, upon notice as provided in the Trust Agreement, as a whole or in part by lot in such order of maturity as Valley Water may determine, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to 100% of the principal amount to be prepaid, plus interest, if any, accrued with respect thereto to the date of prepayment, without premium.

APPENDIX A
ISSUE PRICE CERTIFICATE

\$ _____
Santa Clara Valley Water District
Safe Clean Water Program Revenue Certificates of Participation

(Interim Obligations), Series 2022B

[REPRESENTATIVE], on its own behalf and as the representative (the "Representative") of the underwriters named in the Interim Obligation Purchase Contract dated _____, 2022 relating to the above-referenced securities (collectively with the Representative, the "Underwriters"), based on information available to it, hereby certifies as set forth below with respect to the sale and execution and delivery of the above-captioned obligations (the "Interim Obligations").

1. ***Sale of the General Rule Maturities Bonds.*** As of the date of this certificate, for each Maturity of the General Rule Maturities of the Interim Obligations, the first price at which at least 10% of such Maturity was sold to the Public is the price listed on the inside cover of the Official Statement published in connection with the execution and delivery of the Interim Obligations.

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

(a) The Underwriters 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. If there is a Hold-the-Offering Price Maturity, a copy of the pricing wire or equivalent communication for the Interim Obligations is attached to this certificate as Schedule B.

(b) As set forth in the Interim Obligation Purchase Contract, the Representative has agreed in writing that,

(i) for each Maturity of the Hold-the-Offering-Price Maturities, the syndicate would neither offer nor sell any of the unsold Interim 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.

3. ***Defined Terms.***

"General Rule Maturities" means those Maturities of the Interim Obligations that are not "Hold-the- Offering-Price Maturities."

"Hold-the-Offering-Price Maturities" means those Maturities of the Interim Obligations listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

"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 Underwriter has sold at least 10% of such Hold-the-Offering-

Price Maturity to the Public at one or more prices, each of which is no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

“*Maturity*” means Interim Obligations with the same credit and payment terms. Interim Obligations with different maturity dates, or Interim Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

“*Obligor*” means Santa Clara Valley Water District.

“*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

“*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Interim Obligations. The Sale Date of each maturity of the Interim Obligations is _____, 2022.

“*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Obligor (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Interim 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 section to participate in the initial sale of the Interim Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Interim Obligations to the Public).

4. *Arbitrage Yield.*

We have provided the attached schedules to the Obligor with respect to the yield on the Interim Obligations being _____ %. We have calculated the yield on the Interim Obligations as the discount rate that, when used in computing the present value of all principal and interest payments to be made under each applicable Maturity of the Interim Obligations from the date of execution and delivery, to Maturity, produces an amount equal to the sum of the price of each Maturity of the Interim Obligations listed in Schedule A of this certificate (the “Issue Price”); provided that the Obligor is assumed to exercise or not exercise an option or combination of options (including an optional redemption provision) in a manner that minimizes yield on the debt instrument and a holder is assumed to exercise or not exercise an option or combination of options in a manner that maximizes yield on a debt instrument. Stradling Yocca Carlson & Rauth, a Professional Corporation, as Special Counsel (“Special Counsel”) has advised that the Issue Price is determined based on the prices of each Maturity of the Interim Obligations listed in Schedule A, as described in paragraphs 1 and 2 above. To the extent that we provided the Obligor and Special Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Interim Obligations, these computations are based on our understanding of directions that we have received from Special Counsel regarding their interpretation of the applicable law. However, notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Special Counsel.

Notwithstanding anything set forth herein, the Representative is not engaged in the practice of law. The representations set forth in this certificate are limited to factual matters only. Accordingly, the Representative makes no representation as to the legal sufficiency of the factual matters set forth herein. Nothing in this certificate represents the interpretation of the Representative of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Obligor with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Interim Obligations, and by Special Counsel in connection with rendering its opinion that the interest with respect to the Interim Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Interim Obligations. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: _____, 2022

By: [REPRESENTATIVE]
as Representative, on behalf of the
Underwriters, including itself

By: _____
Authorized Representative

SCHEDULE A to APPENDIX B
INITIAL OFFERING PRICES OF THE INTERIM OBLIGATIONS
(Attached)

SCHEDULE B to APPENDIX B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

ASSIGNMENT AGREEMENT

by and between

SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING
CORPORATION

and

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

Dated as of November 1, 2022

RELATING TO

\$ _____
SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
(INTERIM OBLIGATIONS)
SERIES 2022B

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of November 1, 2022 by and between SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Assignment.

The Corporation, for good and valuable consideration in hand received, does hereby sell, assign and transfer to the Trustee without recourse, for the benefit of the owners of the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation (Interim Obligations) Series 2022B (together, the “Certificates”), to be executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of November 1, 2022 (the “Trust Agreement”), by and among the Santa Clara Valley Water District (“Valley Water”), the Corporation and the Trustee, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of November 1, 2022 (the “Installment Purchase Agreement”), by and between Valley Water and the Corporation, including the right to receive all installment payments from Valley Water under the Installment Purchase Agreement (but not including the right to be indemnified or the right to receive notices pursuant to the Installment Purchase Agreement), together with any and all of the other rights of the Corporation under the Installment Purchase Agreement as may be necessary to enforce payment of such installment payments when due or otherwise to protect the interests of the owners of the Certificates.

All rights assigned by the Corporation shall be administered by the Trustee as assignee thereof according to the provisions of the Trust Agreement and for the equal and proportionate benefits of the Owners of the Certificates. This assignment is absolute and presently effective.

SECTION 2. Acceptance.

The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such installment payments from Valley Water under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Trust Agreement, and all such installment payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

SECTION 3. Conditions.

This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. This Assignment Agreement shall constitute a complete assignment by the Corporation of all of its rights and obligations under and pursuant to the Installment Purchase Agreement, except as otherwise provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

SANTA CLARA VALLEY WATER
DISTRICT PUBLIC FACILITIES
FINANCING CORPORATION

By: _____
President

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

By: _____
Authorized Officer

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT dated _____, 2022 (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 execution and delivery of the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation (Interim Obligations), Series 2022B (the "Interim Obligations"). The Interim Obligations are being executed and delivered pursuant to Resolution No. 22-__ adopted by the Board of Directors of Valley Water on November 8, 2022 (the "Resolution") and Trust, Agreement, dated as of November 1, 2022, by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the "Corporation") and U.S. Bank Trust Company, National Association, as trustee (the "Trust Agreement"). 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 Interim Obligations 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 Trust Agreement 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 Interim Obligations (including persons holding Interim Obligations through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Interim Obligation 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 Interim Obligations dated November __, 2022.

"Participating Underwriter" shall mean any of the original underwriters of the Interim Obligations required to comply with the Rule in connection with offering of the Interim Obligations.

“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, 2023, 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 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, Safe, Clean Water Program;

(ii) THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM — The SCW Parcel Taxes — Safe, Clean Water and Natural Flood Protection SCW Parcel Tax Rates;

(iii) THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM — The SCW Parcel Taxes — Parcel Tax Billings and Collections; and

(iv) FINANCIAL INFORMATION OF VALLEY WATER — Historical Operating Results;

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 Interim Obligations 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 Interim Obligations, 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 Interim Obligations or other events affecting the tax status of the Interim Obligations;

2. modifications to the rights of Interim Obligation holders;

3. optional, unscheduled or contingent Interim Obligation redemptions;

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

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 Interim Obligation 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 Interim Obligations. If such termination occurs prior to the final maturity of the Interim Obligations, 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 Interim Obligations 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 Interim Obligations 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 Interim Obligations. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, the Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation and relating to the Interim Obligations 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 Interim Obligations. 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 Interim Obligations, and shall create no rights in any other person or entity.

Date: December __, 2022

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 SAFE
CLEAN WATER PROGRAM REVENUE CERTIFICATES
OF PARTICIPATION (INTERIM OBLIGATIONS), SERIES
2022B

Date of Execution and Delivery:

December __, 2022

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

Dated: _____

SANTA CLARA VALLEY WATER DISTRICT

By: _____ [no signature required; form only]

INSTALLMENT PURCHASE AGREEMENT

by and between the

SANTA CLARA VALLEY WATER DISTRICT

and the

**SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION**

Dated as of November 1, 2022

relating to

\$_____

**SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
SERIES 2022C**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of November 1, 2022, by and between the SANTA CLARA VALLEY WATER DISTRICT, a flood control and water district organized and existing under the laws of the State of California (“Valley Water”), and 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 (the “Corporation”).

W I T N E S S E T H:

WHEREAS, on May 11, 2021, the Board of Directors of Valley Water adopted Resolution No. 21-34 entitled “A Resolution of the Board of Directors of the Santa Clara Valley Water District Providing for the Allocation of Safe, Clean Water and Natural Flood Protection Program Revenues and Establishing Covenants to Secure the Payment of Obligations Payable Therefrom” as amended and supplemented from time-to-time (the “SCW Master Resolution”);

WHEREAS, Valley Water proposes to acquire and/or construct certain capital improvements included in the Safe, Clean Water and Natural Flood Protection Program (the “SCW Program”) approved by the voters within Valley Water in 2020;

WHEREAS, the Corporation has agreed to assist Valley Water to acquire and/or construct such capital improvements as more particularly described in Exhibit A hereto (collectively, the “Project”) by financing, on an interim basis, the Project;

WHEREAS, Valley Water and the Corporation have duly authorized the execution of this Installment Purchase Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement; and

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not

defined herein shall have the meanings ascribed thereto in the Trust Agreement or in the SCW Master Resolution.

Code.

The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it, or any applicable regulations adopted under the Internal Revenue Code of 1954, as amended.

Component

The term “Component” means Component A and Component B of the Project as more particularly described in Exhibit A attached hereto, including such components as may be added, deleted or substituted from time-to-time as provided in Section 3.1(b) hereof.

Component A

The term “Component A” means those components of the Project related to the acquisition and/or construction of certain capital improvements as more particularly described in Exhibit A attached hereto, including such components as may be added, deleted or substituted from time-to-time as provided in Section 3.1(b) hereof.

Component B

The term “Component B” means those components of the Project related to reimbursement to Valley Water for costs previously expended by Valley Water to acquire and/or construct certain capital improvements as more particularly described in Exhibit A attached hereto.

Continuing Disclosure Agreement

The term “Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated _____, 2022, by and between Valley Water and U.S. Bank Trust Company, National Association, as dissemination agent, relating to the Certificates, 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.

Event of Default

The term “Event of Default” means an event described in Section 8.1.

Installment Payment Date

The term “Installment Payment Date” means the Business Day prior to February 1 and August 1 of each year, commencing the Business Day prior to [February 1, 2023.]

Installment Payments

The term “Installment Payments” means the Installment Payments scheduled to be paid by Valley Water under and pursuant hereto.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Law

The term “Law” means 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 or supplemental 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.

Project

The term “Project” means those certain capital improvements, consisting of Component A and Component B described in Exhibit A attached hereto.

Purchase Price

The term “Purchase Price” means the amount to be paid by Valley Water to the Corporation for the purchase of the Project under the terms hereof, as provided in Section 4.1 hereof.

Special Counsel

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

Trust Agreement

The term “Trust Agreement” means the Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Corporation and the Trustee, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions thereof.

SCW Master Resolution

The term “SCW Master Resolution” shall have the meaning ascribed thereto in the first WHEREAS clause in this Installment Purchase Agreement.

Section 1.2. Definitions in the SCW Master Resolution. Except as otherwise herein defined and unless the context otherwise requires, each of the capitalized terms used in this Installment Purchase Agreement shall have the same meaning set forth therefor in the SCW Master Resolution. With respect to any defined term which is given a different meaning under this Installment Purchase Agreement than under the SCW Master Resolution as used herein it shall have the meaning described herein.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by Valley Water. Valley Water makes the following representations:

(a) Valley Water is a flood control and water district organized and existing under the laws of the State of California.

(b) Valley Water has full legal right, power and authority to enter into this Installment Purchase Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Installment Purchase Agreement, and Valley Water has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, Valley Water has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which Valley Water is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of Valley Water.

(e) Valley Water has determined that it is necessary and proper within the terms of the Law that Valley Water acquire and/or construct each Component of the Project in the manner provided for in this Installment Purchase Agreement, to provide essential water services and facilities to the persons residing within the areas benefited by such improvements.

Section 2.2. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties:

(a) The Corporation is a nonprofit public benefit corporation validly organized and existing under the laws of the State of California.

(b) The Corporation has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions contemplated by this Installment Purchase Agreement, and the Corporation has complied with the provisions of the law in all matters relating to such transactions.

(c) By proper action, the Corporation has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Corporation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.

ARTICLE III

ACQUISITION AND/OR CONSTRUCTION, SALE AND CONVEYANCE OF THE PROJECT

Section 3.1 Acquisition and/or Construction, Sale and Conveyance of the Project. (a) The Corporation hereby agrees to acquire and/or construct each and all Components of the Project, as applicable, for and to sell and convey each and all such Components of the Project to Valley Water. In order to implement this provision, the Corporation hereby appoints Valley Water as its agent for the purpose of acquisition and/or construction of all Components of the Project and, subject to such construction, Valley Water hereby agrees to enter into such construction contracts and purchase orders as may be necessary, as agent for the Corporation, to provide for the acquisition and/or construction of the Project. Valley Water hereby further agrees that it will cause the acquisition and/or construction of the Project to be diligently prosecuted with all practical dispatch and in an expeditious manner.

After the execution and delivery of the Certificates and the deposit of the proceeds of such Certificates with the Trustee, Valley Water shall, as agent of Corporation, 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.

(b) Valley Water may add, delete or substitute other improvements for the facilities listed as Components of the Project in Exhibit A hereto, but only if Valley Water first files with the Corporation and Trustee a statement of Valley Water;

(1) identifying the improvements to be substituted and the improvements to be added; and

(2) stating 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 and/or the Corporation has sufficient funds advanced by Valley Water or Certificates proceeds to construct and/or acquire the substituted or added improvements; and

(3) stating that such added, deleted or substituted improvements will not reduce the Installment Payments payable hereunder or adversely affect the payment of principal and interest evidenced by the Certificates.

Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost or expenses incurred by Valley Water for the acquisition and/or construction of each Component of the Project and that all such costs and expenses shall be paid by Valley Water.

Section 3.2. Sale and Purchase of Component B of the Project. In consideration for the Corporation's assistance in financing Component B of the Project, Valley Water agrees to sell, and hereby sells, to the Corporation, and the Corporation agrees to purchase and hereby purchases, from Valley Water, Component B of the Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.3. Purchase and Sale of the Project. In consideration for the Installment Payments as set forth in Section 4.2, the Corporation agrees to sell, and hereby sells, to Valley Water, and Valley Water agrees to purchase, and hereby purchases, from the Corporation, the Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.4. Title. All right, title and interest in each Component B of the Project shall vest in Valley Water notwithstanding the execution and delivery of this Installment Purchase Agreement. All right, title and interest in each Component A of the Project shall vest in Valley Water immediately upon acquisition thereof. Such vesting shall occur without further action by the Corporation or Valley Water and the Corporation shall, if requested by Valley Water or, if necessary to assure such automatic vesting, deliver any and all documents required to assume such vesting.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price to be paid by Valley Water hereunder to the Corporation is the sum of the principal amount of Valley Water's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by Valley Water hereunder is set forth in Exhibit B hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.2 and Exhibit B hereto, and shall be paid by Valley Water as and constitute interest paid on the principal amount of Valley Water's obligations hereunder.

Section 4.2. Installment Payments.

(a) Valley Water shall, subject to any rights of prepayment provided in Article VII, pay to the Corporation, from available SCW Revenues as provided in Section 4.1 hereof and in Section 2.2(a) of the SCW Master Resolution, the Purchase Price in Installment Payments to such date in the amounts and on the Installment Payment Dates to be determined upon execution and

delivery of the Certificates. Upon execution and delivery of the Certificates, the Installment Payments are to be applied to the payment of the principal and interest evidenced and represented by the Certificates and Installment Payments shall be made in amounts that are sufficient, but no more than sufficient, to pay the scheduled payments of principal and interest evidenced and represented by the outstanding Certificates. If and to the extent that, on any Installment Payment Date, there are amounts on deposit in a fund established under the Trust Agreement for the payment of principal and interest represented by the Certificates, which amounts are not being held for the payment of specific Certificates, said amounts shall be credited against the Installment Payment due on such date. If all or a portion of the Certificates are no longer outstanding as a result of prepayment, early retirement through purchase by Valley Water or the Corporation or defeasance of such Certificates, the schedule of Installment Payments to be determined upon execution and delivery of the Certificates shall be deemed to have been modified so that the Installment Payments are sufficient, but no more than sufficient, to pay the scheduled payments of principal and interest evidenced and represented by the outstanding Certificates. Upon any such prepayment, purchase or defeasance, Valley Water shall recalculate Installment Payments and shall provide the Trustee with a modified schedule of Installment Payments.

(b) Each Installment Payment to be paid upon execution and delivery of the Certificates shall be paid to the Trustee, as assignee of the Corporation, on or before the Business Day prior to the applicable Installment Payment Date, in lawful money of the United States of America, in funds which will be immediately available following payment. In lieu of depositing with such Trustee all cash to meet its Installment Payment due and payable on the next succeeding Installment Payment Date, Valley Water may deposit with the Trustee, securities or investments, which will mature on or before the next succeeding Interest Payment Date in an amount which, together with the cash then available to pay the principal and interest represented by the Certificates, will be sufficient to pay the interest and principal due on said Interest Payment Date. In the event Valley Water fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of Valley Water until such amount shall have been fully paid and, to the extent permitted by law, Valley Water agrees to pay the same with interest accruing thereon at the rate of ten percent (10%) per annum.

(c) Upon execution and delivery of the Certificates, the obligation of Valley Water to make the Installment Payments will become absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), Valley Water shall not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the Project or any Component thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SCW REVENUES

Section 5.1. Pledge. This Installment Purchase Agreement is intended to be a "Contract" under the SCW Master Resolution and shall be secured by the pledge and the liens created in the SCW Master Resolution.

Section 5.2. Allocation. In order to carry out and effectuate the pledge contained in the SCW Master Resolution, upon execution and delivery of the Certificates, Valley Water shall pay, in accordance with Section 2.2 of the SCW Master Resolution, from the SCW Revenues to the Trustee, as assignee of the Corporation, the Installment Payments as and when due hereunder.

ARTICLE VI

COVENANTS OF VALLEY WATER

Section 6.1. Compliance with Installment Purchase Agreement and SCW Master Resolution. Valley Water will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Valley Water will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the SCW Master Resolution and in this Installment Purchase Agreement required to be observed and performed by it, and it is expressly understood and agreed by and between the parties to this Installment Purchase Agreement that, subject to Section 10.7 hereof, each of the agreements, conditions, covenants and terms contained in the SCW Master Resolution and this Installment Purchase Agreement is an essential and material term of the purchase of and payment for the Project by Valley Water pursuant to, and in accordance with, and as authorized under, the Law.

Section 6.2. Tax Covenants. Valley Water covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest evidenced and represented by the Certificates is includable in gross income of the recipient under federal income tax laws. Notwithstanding any other provision of this Trust Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest evidenced and represented by the Certificates 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 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 Certificates or of any other moneys or property which would cause the Certificates 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 Certificates 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 Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guaranty. Valley Water will make no use of the proceeds of the Certificates or take or omit to take any action that would cause the Certificates 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;

(e) Hedge Bonds. Valley Water will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the Certificates 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 evidenced and represented by the Certificates 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 that certain Tax Certificate executed by Valley Water in connection with the execution and delivery of the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.3. Against Encumbrances. Valley Water will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for Valley Water, in, upon, about or relating to the Project and will keep the Project free of any and all liens against any portion of the Project or the Corporation interest therein. In the event any such lien attaches to or is filed against any portion of the Project or the Corporation interest therein, Valley Water will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if Valley Water desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, Valley Water will forthwith pay or cause to be paid and discharged such judgment. Valley Water will, to the maximum extent permitted by law, indemnify and hold the Corporation harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Project or the Corporation interest therein.

Section 6.4. Payment of Claims. Valley Water will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the SCW Revenues or any part thereof or on any funds in the hands of Valley Water which might impair the security of the Installment Payments, but Valley Water shall not be required to pay such claims if the validity thereof shall be contested in good faith.

Section 6.5. Compliance with Contracts. Valley Water will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be

performed by it contained in all contracts for the use of the Project and all other contracts affecting or involving the Project to the extent that Valley Water is a party thereto.

Section 6.6. Protection of Security and Rights of the Corporation. Valley Water will preserve and protect the security hereof and the rights of the Corporation to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.7. Additional Protection for Officers of the Corporation. Valley Water will, to the maximum extent permitted by law, indemnify and hold the Corporation and each of its directors and officers harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of entering into this Installment Purchase Agreement.

Section 6.8. Further Assurances. Valley Water will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 6.9. 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 Installment Purchase Agreement, 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. 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 Certificate (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificate for federal income tax purposes.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1. Prepayment.

(a) Valley Water may prepay from the Net Proceeds, on any date, all or any part of the principal amount of the unpaid Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest with respect thereto to the date of prepayment without premium.

(b) Valley Water may prepay the Installment Payments in the order as directed in a written request of Valley Water to the Trustee, as a whole or in part, on any date on or after ____ 1, 20____ from any available funds. The principal amount of such unpaid Installment Payments is payable at a prepayment price equal to the principal amount of such Installment Payments to be prepaid plus accrued interest with respect thereto to the date of prepayment without premium.

Notwithstanding any such prepayment, Valley Water shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have

been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Corporation).

Section 7.2. Method of Prepayment. Before making any prepayment pursuant to Section 7.1(a), Valley Water may, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Corporation and the Trustee describing such event and specifying the date on which the prepayment of the Certificates will be paid, which date shall be not less than forty-five (45) days nor more than sixty (60) days from the date such notice is given, unless such prepayment must occur on an Interest Payment Date, in which case such date shall be the next Interest Payment Date with respect to which notice of prepayment may be timely given pursuant to the Trust Agreement.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default. If one or more of the following Events of Default shall happen, that is to say --

(1) if default shall be made by Valley Water in the due and punctual payment of any Installment Payment when and as the same shall become due and payable;

(2) if default shall be made by Valley Water in the performance of any of the 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; or

(3) if 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

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

Section 8.2. Remedies of the Corporation.

The Corporation shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against Valley Water or any member of Valley Water's Board of Directors, officer or employee thereof, and to compel Valley Water or any such member of Valley Water's Board of Directors, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

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

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

Section 8.3. Application of SCW Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all SCW Revenues thereafter received by Valley Water and amounts on deposit in the funds and accounts held under the SCW Master Resolution 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, the Corporation, the owners of Bonds and Contracts, and any agents and assignees of each of the foregoing, if any, including reasonable compensation to their respective accountants and counsel;

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

(iii) to the payment of Operation and Maintenance Costs.

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

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of Valley Water, which is absolute and unconditional, to pay the Installment Payments to the Corporation at the respective due dates from the SCW Revenues and the other amounts herein committed for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, Valley Water and the Corporation shall be restored to their

former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations.

(a) all or any portion of the Installment Payments shall have become due and payable in accordance herewith or a written notice of Valley Water to prepay all or any portion of the Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and Defeasance Securities, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee;

then and in that event, the right, title and interest of the Corporation herein and the obligations of Valley Water hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Corporation and the obligation of Valley Water to have such moneys and such Defeasance Securities applied to the payment of such Installment Payments).

In such event, upon request of Valley Water, the Trustee shall cause an accounting for such period or periods as may be requested by Valley Water to be prepared and filed with Valley Water and shall execute and deliver to Valley Water all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to Valley Water, after payment of all amounts due the Trustee pursuant to the Trust Agreement, as an overpayment of Installment Payments, all such moneys or such Defeasance Securities held by it pursuant hereto other than such moneys and such Defeasance Securities, as are required for the payment or prepayment of the Installment Payments, which moneys and Defeasance Securities shall continue to be held by the Trustee in trust for the payment of the Installment Payments and shall be applied by the Trustee to the payment of the Installment Payments of Valley Water.

ARTICLE X
MISCELLANEOUS

Section 10.1. Liability of Valley Water Limited to SCW Revenues. Notwithstanding anything contained herein, Valley Water shall not be required to advance any moneys derived from any source of income other than as provided in the SCW Master Resolution for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. Valley Water may, however, but in no event shall be obligated to, 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 make the Installment Payments is payable as provided in the SCW Master Resolution, and does not constitute a debt of Valley Water or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 10.2. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than Valley Water, the Corporation or the assigns of the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of Valley Water or the Corporation shall be for the sole and exclusive benefit of the other party.

Section 10.3. Amendments.

(a) This Agreement may be amended in writing as may be mutually agreed by Valley Water and the Corporation, and upon execution and delivery of the Certificates, by the Owners of a majority in aggregate principal amount of Certificates outstanding; provided that upon execution and delivery of the Certificates, no such amendment shall (a) extend the payment date of any Installment Payment, or reduce the amount of any Installment Payment without the prior written consent of the Owner of each Certificate so affected, (b) reduce the percentage of Certificates the consent of the Owners of which is required for the execution of any amendment of this Installment Purchase Agreement.

This Installment Purchase Agreement and the rights and obligations of Valley Water and the Corporation hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution by Valley Water and the Corporation, without the written consent of any Owners, but only to the extent permitted by law and only upon receipt of an unqualified opinion of Special Counsel selected by Valley Water and approved by the Corporation to the effect that such amendment or supplement is permitted by the provisions of this Installment Purchase Agreement and is not inconsistent with this Installment Purchase Agreement and does not adversely affect the exclusion of interest on the Certificates received by the Owners from gross income for federal income tax purposes, and only for any one or more of the following purposes --

(1) to add to the covenants and agreements of the Corporation or Valley Water contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the

Corporation or Valley Water, and which shall not materially adversely affect the interests of the Owners of the Certificates;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Installment Purchase Agreement or in regard to questions arising under this Installment Purchase Agreement, as the Corporation or Valley Water may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Certificates;

(3) to modify, amend or supplement this Installment Purchase Agreement in such manner as to cause interest with respect to the Certificates to remain excludable from gross income under the Code;

(4) to make such other amendments or modifications which shall not materially adversely affect the interests of the Owners of the Certificates; or

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

Section 10.4. Successor Is Deemed Included in all References to Predecessor. Whenever either Valley Water or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in Valley Water or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of Valley Water or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.5. Waiver of Personal Liability. No official, officer or employee of Valley Water shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any official, officer or employee of Valley Water from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.7. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of Valley Water or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof.

Section 10.8. Assignment. This Installment Purchase Agreement and any rights hereunder may be assigned by the Corporation, as a whole or in part, without the necessity of

obtaining the prior consent of Valley Water. The assignment of this Installment Purchase Agreement to the Trustee shall be done solely in its capacity as Trustee under the Trust Agreement.

Section 10.9. Net Contract. This Installment Purchase Agreement shall be deemed and construed to be a net contract, and Valley Water shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or setoff whatsoever.

Section 10.10. California Law. This Installment Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 10.11. Notices. All written notices to be given hereunder shall be given by first class mail, postage prepaid, courier or hand delivery to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to
Valley Water: Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: Treasury/Debt Officer

If to the
Corporation: Santa Clara Valley Water District
Public Facilities Financing Corporation
c/o Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: District Counsel

Section 10.12. Effective Date. This Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid or when there are no longer any Certificates Outstanding.

Section 10.13. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Authorized Officer

(SEAL)

Attest:

Clerk of the Board of Directors

**SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING
CORPORATION**

By: _____
President

(SEAL)

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project includes, but is not limited to, the following Valley Water capital improvements which are included in the Safe, Clean Water and Natural Flood Protection Program:

Component A:

Component B:

A-2

4879-0524-2675v4/022817-0047

Attachment 11
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EXHIBIT B

PURCHASE PRICE

1. The principal amount of payments to be made by Valley Water hereunder is \$_____.

2. The installment payments of principal and interest with respect to the Certificates are payable in the amounts and on the Installment Payment Dates as follows:

<u>Installment Payment Date (One Business Day Prior To)</u>	Installment Payments		
	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>

TOTAL

TRUST AGREEMENT

by and among the

SANTA CLARA VALLEY WATER DISTRICT

and the

SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION

and

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

Dated as of November 1, 2022

RELATING TO

\$_____

SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
SERIES 2022C

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EXHIBIT A FORM OF SERIES 2022C CERTIFICATE OF PARTICIPATION

EXHIBIT B FORM OF WRITTEN REQUEST FOR REQUISITION FROM ACQUISITION AND CONSTRUCTION FUNDS

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of November 1, 2022, by and among the SANTA CLARA VALLEY WATER DISTRICT, a flood control and water district duly organized and existing under and by virtue of the laws of the State of California (“Valley Water”), 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 (the “Corporation”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association existing under and by virtue of the laws of the United States, as trustee (the “Trustee”);

WITNESSETH:

In consideration of the mutual covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. **Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Certificates and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized undefined terms used herein shall, unless the context otherwise requires, have the meanings ascribed thereto in the SCW Master Resolution or the Installment Purchase Agreement.

Authorized Denominations

The term “Authorized Denominations,” means \$5,000 and any integral multiple thereof.

Authorized Officer

The term “Authorized Officer” 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, Operations, the Chief Financial Officer, or the Treasury, Debt and Grants Officer.

Beneficial Owners

The term “Beneficial Owners” means those individuals, partnerships, corporations or other entities for whom the Participants have caused the Depository to hold Book-Entry Certificates.

Book-Entry Certificates

The term “Book-Entry Certificates” means the Certificates registered in the name of the nominee of DTC, or any successor securities depository for the Certificates, as the registered owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

Business Day

The term “Business Day” means a day of the year which is not a Saturday or Sunday, or a day on which banking institutions located in California are required or authorized to remain closed, or on which the Federal Reserve system is closed.

Certificate of the Corporation

The term “Certificate of the Corporation” means an instrument in writing signed by the President or the Secretary of the Corporation, or by any other officer of the Corporation duly authorized for that purpose.

Certificate of Valley Water

The term “Certificate of Valley Water” means an instrument in writing signed by the Chair of the Board of Directors or an Authorized Officer, or by any other official of Valley Water duly authorized for that purpose.

Certificate Payment Date

The term “Certificate Payment Date” means, with respect to any Certificate, the Certificate Payment Date designated therein, which is the August 1 on which the principal component of the Installment Payments becomes due and payable.

Certificates

The term “Certificates” means the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation, Series 2022C, delivered in the aggregate principal amount of \$[].

Certificate Year

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

Code

The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it, or any applicable regulations adopted under the Internal Revenue Code of 1954, as amended.

Corporate Trust Office of the Trustee

The term “Corporate Trust Office of the Trustee” means the principal corporate trust office of the Trustee in San Francisco, California or such other or additional offices as may be specified to Valley Water by the Trustee in writing.

Costs of Issuance

The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to Valley Water or the Corporation relating to the execution, sale and delivery of the Certificates and the execution and delivery of the Installment Purchase Agreement, including administrative fees, filing and recording costs, settlement costs, interest rate swap termination payments, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including legal fees), financing discounts, legal fees and charges, and surety premium, as applicable, fees and charges, financial and other professional consultant fees and expenses, costs of rating agencies or credit ratings, fees for transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

Defeasance Securities

The term “Defeasance Securities” means: (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (4) pre-refunded municipal obligations rated not lower than the rating on securities described in clause (2) above.

Delivery Date

The term “Delivery Date” means the date on which the Certificates are delivered to the original purchaser thereof.

Depository

The term “Depository” means the securities depository acting as Depository pursuant to Section 2.10 hereof.

DTC

The term “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Certificates.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 9.02.

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.

Fiscal Year

The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Board of Directors of Valley Water as the Fiscal Year of Valley Water.

Fitch

The term “Fitch” means Fitch Ratings, Inc., its successor and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency such term shall be deemed to refer to any other nationally recognized rating agency designated by Valley Water.

Information Services

The term “Information Services” means national information services that disseminate securities redemption notices; 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.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance thereof.

Interest Payment Date

The term “Interest Payment Date” means each February 1 and August 1, commencing [February 1, 2023], provided, however, if an Interest Payment Date with respect to the Certificates is not a Business Day, interest shall be payable on the next succeeding Business Day, and provided further that the amount paid with respect to Certificates on such succeeding Business Day shall be for the same number of days as if paid on the Interest Payment Date which was not a Business Day.

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 one of three Rating Agencies.

Letter of Representations or Representation Letter

The term “Letter of Representations” or “Representation Letter” means the letter of Valley Water delivered to and accepted by the Depository on or prior to the Delivery Date as Book-Entry Certificates setting forth the basis on which the Depository serves as depository for such Book-Entry Certificates, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

Minimum Rating

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

Moody’s or Moody’s Investors Service

The term “Moody’s Investors Service” or “Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, such terms shall be deemed to refer to any other nationally recognized rating agency designated by Valley Water.

Nominee

The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

Opinion of Counsel

The term “Opinion of Counsel” means a written opinion of special counsel, appointed and paid by the Corporation or Valley Water.

Outstanding

The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 8.02) all Certificates theretofore or thereupon executed by the Trustee pursuant hereto, except --

- (1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Certificates paid or deemed to have been paid within the meaning of Section 10.01 hereof; and
- (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed by the Trustee and delivered pursuant hereto.

Owner

The term “Owner” means any person who shall be the registered owner of any Outstanding Certificate, as shown on the registration books required to be maintained by the Trustee pursuant to Section 2.08 hereof.

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 “F-1” 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 "F-1" by Fitch and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund rated "AAm", "AAAm" or "AAAm-G" or better by any of S&P, Fitch or Moody's including such funds for which the Trustee or an affiliate provides investment advice for other services;
- (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; 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 provided in the definition of “Value”.

Prepayment Date

The term “Prepayment Date,” shall mean the date fixed for prepayment of Certificates.

Rating Agencies

The term “Rating Agencies” means S&P, Fitch and Moody’s.

Record Date

The term “Record Date” means the fifteenth day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

SCW Master Resolution

“SCW Master Resolution” means the Safe, Clean Water and Natural Flood Protection Program Master Resolution, Resolution No. 21-34 adopted by the Board of Directors of Valley Water on May 11, 2021 as amended or supplemented from time-to-time in accordance therewith.

S&P or Standard & Poor’s Ratings Services

The term “Standard & Poor’s Ratings Services” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

Series 2022C Acquisition and Construction Fund

The term “Series 2022C Acquisition and Construction Fund” means the Series 2022C Acquisition and Construction Fund established pursuant to Section 4.01 hereof.

Series 2022C Certificate Rebate Fund

The term “Series 2022C Certificate Rebate Fund” means the Series 2022C Certificate Rebate Fund established pursuant to Section 4.01 hereof.

Series 2022C Payment Fund

The term “Series 2022C Payment Fund” means the Series 2022C Payment Fund established pursuant to Section 4.01 hereof.

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 securities depositories as Valley Water may designate in a Written Request of Valley Water delivered to the Trustee.

Securities Exchange Act

The term “Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

State

The term “State” means the State of California.

Tax Certificate

The term “Tax Certificate” means the Tax Certificate related to the Certificates delivered by Valley Water on the Delivery Date, as the same may be amended or supplemented in accordance with its terms.

Trust Agreement

The term “Trust Agreement” means this Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Corporation and the Trustee, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof.

Trustee

The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association existing under and by virtue of the laws of the United States of America, or any other association or corporation which may at any time be substituted in its place as provided in Section 7.02.

Valley Water

The term “Valley Water” means the Santa Clara Valley Water District, a flood control and water district duly organized and existing under and by virtue of the laws of the State of California.

Value

“Value,” 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.

Written Request of the Corporation

The term "Written Request of the Corporation" means an instrument in writing signed by the President or the Secretary of the Corporation, or by any other officer of the Corporation duly authorized for that purpose.

Written Request of Valley Water

The term "Written Request of Valley Water" means an instrument in writing signed by the Chair of the Board of Directors or an Authorized Officer of Valley Water, or by any other official of Valley Water duly authorized for that purpose.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Certificates by the Owners thereof, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements, conditions, covenants and provisions set forth herein to be performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

CONDITIONS AND TERMS OF CERTIFICATES

SECTION 2.01. Authorization of Certificates. The Trustee is hereby authorized and directed, upon receipt of a Written Request of Valley Water to execute and deliver the Certificates in the aggregate principal amount of \$[], evidencing individual interests in Installment Payments to be paid by Valley Water under the Installment Purchase Agreement.

SECTION 2.02. Denominations, Method and Place of Payment and Dating of Certificates. The Certificates shall be dated the Delivery Date and shall be issued only in fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the schedule set forth in Section 2.03 hereof. The interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates shall be payable in lawful money of the United States of America. The interest evidenced and represented by the Certificates shall be payable on their respective Interest Payment Dates by check mailed by the Trustee to the respective Owners thereof as shown in the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 at the close of business on the Record Date next preceding each Interest Payment Date (except that in the case of an Owner of one million dollars (\$1,000,000) or greater in aggregate principal amount of Outstanding Certificates, such payment may, at such Owner's written request, be made by wire transfer of immediately available funds to an account within the United States in accordance with written instructions provided by such Owner prior to the applicable Record Date), and the principal and prepayment premiums, if any, evidenced and represented by the Certificates shall be payable on their respective Certificate Payment Dates or on prepayment prior thereto by check delivered by the Trustee upon surrender thereof by the respective Owners thereof at the

Corporate Trust Office of the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificate shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by such Certificate to the extent of the sum or sums so paid. All Certificates paid pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.03. Payment Dates of Certificates. The Certificates evidence and represent interest from the Interest Payment Date next preceding the date of execution thereof by the Trustee, unless such date of execution is after the Record Date, in which case they shall evidence and represent interest from such Interest Payment Date; provided, however, with respect to the first Interest Payment Date, the Certificates shall evidence and represent interest from the Delivery Date; provided, further, that if as of the date of execution of any Certificate interest shall not have been paid when due with respect to any Outstanding Certificates, interest shall be payable from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Outstanding Certificates.

The Certificates shall have Certificate Payment Dates of August 1 in the years and shall evidence and represent principal components of Installment Payments in the amounts, with interest thereon at the rates, as follows:

Certificate Payment

*Date
(August 1)*

Principal Amount

Interest Rate

* Term Certificate.

The interest evidenced and represented by the Certificates shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months and shall become due and payable on the respective Interest Payment Dates, beginning on the Interest Payment Date following their respective execution dates and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and shall evidence and represent in sum the portions of the Installment Payments constituting interest components becoming due and payable on the Interest Payment Dates in each year.

The principal and prepayment premiums, if any, evidenced and represented by the Certificates shall become due and payable on their respective Certificate Payment Dates or on prepayment prior thereto, and shall evidence and represent in sum the portions of the Installment Payments constituting principal and prepayment premium components, if any, becoming due and payable on the Certificate Payment Dates or on prepayment prior thereto in each year.

SECTION 2.04. Forms of Certificates. The Certificates, together with the assignment to appear thereon, shall be substantially in the forms set forth on Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

SECTION 2.05. Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized officer of the Trustee.

SECTION 2.06. Transfer and Payment of Certificates. Any Certificate may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions

of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender, at the Corporate Trust Office of the Trustee, of such Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of like series and of authorized denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Trustee may deem and treat the Owner of any Certificate as the absolute owner of such Certificates for the purpose of receiving payment thereof and for all other purposes, whether such Certificates shall be overdue or not, and the Trustee shall not be affected by any notice or knowledge to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by the Certificates shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability on such Certificate to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of (i) any Certificates during the period established by the Trustee for selection of Certificates for prepayment, or (ii) any Certificate which has been selected for prepayment in whole or in part.

SECTION 2.07. Exchange of Certificates. Certificates may be exchanged at the Corporate Trust Office of the Trustee for a Certificate evidencing and representing a like aggregate principal amount of Certificates of authorized denominations of the same series and maturity. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to exchange (i) any Certificates during any period established by the Trustee for selection of Certificates for prepayment, or (ii) any Certificates which has been selected for prepayment in whole or in part.

SECTION 2.08. Registration Books. The Trustee will keep at its office sufficient books for the registration of the ownership, transfer and exchange of the Certificates which shall at all times be open to inspection by Valley Water, the Corporation or any Owner or his agent duly authorized in writing during normal business hours with reasonable prior notice, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership or transfer and exchange of the Certificates in such books as hereinabove provided.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Certificates. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall thereupon execute and deliver a new Certificate of like series, tenor, and Authorized Denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount in exchange and substitution for the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by the Trustee.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon execute and deliver a new Certificate of like series, tenor and Authorized Denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Certificate executed and delivered under this Section and of the expenses which may be incurred by Valley Water and the Trustee in the premises. Any Certificate executed and delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates executed and delivered under this Trust Agreement. Neither Valley Water, the Corporation nor the Trustee shall be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same.

SECTION 2.10. Special Covenants as to Book-Entry Only System for Certificates.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, all of the Certificates initially executed and delivered shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Certificates registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Certificates to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Certificates initially shall be executed and delivered in the form of a single executed fully registered certificate for each stated maturity of such Certificates, representing the aggregate principal amount of the Certificates of such maturity. Upon initial issuance, the ownership of all such Certificates shall be registered in the registration records maintained by the Trustee pursuant to Section 2.08 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, Valley Water, the Corporation and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Certificates registered in its name for the purposes of payment of the principal or prepayment price and interest evidenced and represented by the Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of the Certificates, obtaining any consent or other action to be taken by Owners of the Certificates and for all other purposes whatsoever; and neither the Trustee, Valley Water nor the Corporation or any paying agent shall be affected by any notice to the contrary. Neither the Trustee, Valley Water nor the Corporation or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or prepayment price or interest evidenced and represented by the Certificates, (iii) any notice which is permitted or required to be given to Owners of Certificates hereunder, (iv) the

selection by DTC or any Participant of any person to receive payment in the event of a partial prepayment of the Certificates, or (v) any consent given or other action taken by DTC as Owner of Certificates. The Trustee shall pay all principal and premium, if any, and interest evidenced and represented by the Certificates only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge Valley Water's obligations with respect to the payment of the principal and premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Certificates will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that Valley Water determines that the Certificates should not be maintained in book-entry form, the Trustee shall, upon the written instruction of Valley Water, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Certificates will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Certificates or a portion thereof, at any time by giving written notice of such discontinuance to Valley Water or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Certificates will be transferable in accordance with subsection (f) of this Section 2.10. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by Valley Water within 90 days after Valley Water receives notice or becomes aware of such condition, as the case may be, then this Section 2.10 shall no longer be applicable and the Trustee shall execute and deliver certificates representing the Certificates as provided below. Whenever DTC requests Valley Water and the Trustee to do so, the Trustee and Valley Water will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Certificates then Outstanding. In such event, the Certificates will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest with respect to each such Certificate and all notices with respect to each such Certificate shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event that any transfer or exchange of Certificates is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07. In the event the Certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Certificates,

another securities depository as holder of all the Certificates, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 shall also apply to, among other things, the registration, exchange and transfer of the Certificates and the method of payment of principal, premium, if any, and interest evidenced and represented by the Certificates.

ARTICLE III

PREPAYMENT OF CERTIFICATES

SECTION 3.01. **Prepayment.** The Certificates shall be subject to prepayment prior to their stated maturities only as set forth below:

(a) **Extraordinary Prepayment from Insurance or Condemnation Proceeds.** The Certificates are subject to extraordinary prepayment by Valley Water on any date prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, as a whole or in part, in such order of prepayment as Valley Water may determine, in integral multiples of Authorized Denominations, from payments made by Valley Water from the Net Proceeds, upon the terms and conditions of, and as provided for in the SCW Master Resolution, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid, plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

(b) **Optional Prepayment.** The Certificates with Certificate Payment Dates on or after August 1, 20__ are subject to optional prepayment prior to their respective Certificate Payment Dates by Valley Water on any date on or after ____ 1, 20__, upon notice as hereinafter provided, as a whole or in part by lot in such order of maturity as Valley Water may determine, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to 100% of the principal amount to be prepaid, plus interest, if any, accrued with respect thereto to the date of prepayment, without premium.

(c) **Mandatory Sinking Fund Prepayment.** The Certificates with stated maturities on August 1, 20__ are subject to mandatory sinking fund prepayment in part, on each August 1 on and after August 1, 20__, in integral multiples of \$5,000 at a prepayment price of the principal amount thereof plus accrued interest evidenced thereby to the prepayment date, without premium, in accordance with the following schedule:

<i>Prepayment Date</i> (August 1)	<i>Principal</i> <i>Amount</i>
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* Final Maturity.

In the event of a prepayment of Certificates maturing on August 1, 20__ pursuant to Section 3.01(a) or (b) Valley Water shall provide the Trustee with a revised sinking fund schedule giving effect to the prepayment so completed.

SECTION 3.02. Selection of Certificates for Prepayment. If less than all Outstanding Certificates maturing by their terms on any one date are to be prepaid at any one time, and no other method of selection is specified in Section 3.01 above, the Trustee shall select the Certificates of such maturity date to be prepaid in any manner that it deems appropriate and fair and shall promptly notify Valley Water in writing of the numbers of the Certificates so selected for prepayment. For purposes of such selection, Certificates shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately prepaid or redeemed. In the event the term Certificates are designated for prepayment, Valley Water may designate which sinking account payments are allocated to such prepayment.

SECTION 3.03. Notice of Prepayment. Notice of prepayment shall be given by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the prepayment date to (i) the respective Owners of the Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) the Information Services; provided, however, that so long as a book-entry system is used for the Certificates, the Trustee will send notice of prepayment only to the Securities Depositories and Information Services. Notice of prepayment to the Securities Depositories shall be given by registered mail, other electronically secure means, or any other method agreed upon and notice of prepayment to the Information Services shall be given by mail, other electronically secure means, or any other method agreed upon. Each notice of prepayment shall state the series, prepayment date, the prepayment price, if any, the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be prepaid, the distinctive certificate numbers of the Certificates of such maturity to be prepaid and, in the case of Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on the prepayment date there will become due and payable on the Certificates to be prepaid, all of the principal amount thereof on the prepayment date, and that from and after such prepayment date interest evidenced and represented by the Certificates shall cease to accrue, and shall require that such Certificates be then surrendered at the address of the Trustee specified in the prepayment notice. Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for prepayment. Failure by the Trustee to give notice of prepayment pursuant to this Section to any one or more of the respective Owners of any Certificates designated for prepayment shall not affect the sufficiency of the proceedings for prepayment with respect to the Owners to whom such notice was given.

In the event of prepayment of Certificates (other than sinking fund prepayments), the Trustee shall give notice of optional prepayment, other than any notice that refers to Certificates that are to be prepaid from proceeds of a refunding bond issue, only if sufficient funds have been deposited with the Trustee to pay the applicable prepayment price of the Certificates to be prepaid. Valley Water shall give the Trustee written notice of its intention to optionally prepay Certificates at least 30 days prior to the intended Prepayment Date. In the event Valley Water elects to optionally prepay the Certificates in part, it shall deliver to the Trustee a schedule of revised Installment Payments and mandatory prepayments.

Valley Water may, at its option, prior to the date fixed for prepayment in any notice of optional prepayment rescind and cancel such notice of prepayment by Written Request of Valley Water and the Trustee shall give notice of such cancellation to the recipients of the notice of prepayment being cancelled.

SECTION 3.04. Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and money for the payment of the prepayment price of the Certificates called for prepayment is held by the Trustee in the Series 2022C Payment Fund, then on the prepayment date designated in such notice, Certificates shall become due and payable, and from and after the date so designated interest evidenced and represented by the Certificates so called for prepayment shall cease to accrue, and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price thereof. Any prepayment of Certificates pursuant to Section 3.01 hereof shall cause the schedule of Installment Payments set forth in Exhibit B to the Installment Purchase Agreement to be recalculated by Valley Water in accordance with Section 4.2 of the Installment Purchase Agreement. Such schedule shall be furnished by Valley Water to the Trustee. All Certificates prepaid, pursuant to the provisions of this Article shall be cancelled by the Trustee and shall be delivered to, or upon the order of, Valley Water and shall not be redelivered.

ARTICLE IV

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF PROCEEDS

SECTION 4.01. Establishment of Funds. The Trustee shall establish and maintain the following special trust funds to be held by the Trustee: (i) the Series 2022C Payment Fund, (ii) the Series 2022C Certificate Rebate Fund, and (iii) the Series 2022C Acquisition and Construction Fund.

SECTION 4.02. Delivery of Certificates. The Trustee is hereby authorized to execute and deliver the Certificates to the purchaser thereof upon receipt of a Written Request of Valley Water (concurred in by the Corporation) and upon receipt of the proceeds of sale thereof.

SECTION 4.03. Application of Proceeds. Upon the receipt of the proceeds of the Certificates when the same shall have been duly executed and delivered, the Trustee shall deposit the amount of \$[] in the Series 2022C Acquisition and Construction Fund. The Trustee may establish a temporary fund or account in its records to facilitate such deposit and transfer.

ARTICLE V

INSTALLMENT PAYMENTS

SECTION 5.01. Pledge of Installment Payments. All Installment Payments shall be paid directly by Valley Water to the Trustee and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof. All Installment Payments received by the Trustee shall be held in trust by the Trustee under the terms hereof. The Installment Payments with respect to the Certificates shall be deposited by the Trustee as and when received in the Series 2022C Payment Fund, which fund the Trustee has established and maintains so long as any Certificates are Outstanding. All money in the Series 2022C Payment Fund shall be held in trust by the Trustee for the benefit of the Owners of the Certificates. Valley Water and the Corporation hereby pledge and grant a lien on the Series 2022C Payment Fund to the Trustee for the benefit of the Owners of the Certificates.

SECTION 5.02. Receipt and Deposit of Installment Payments.

(a) In order to carry out and effectuate the pledge contained herein, subject to the provisions of Section 5.01, the Trustee shall deposit the Installment Payments with respect to the Certificates when and as received in trust in the Series 2022C Payment Fund for the benefit of the Owners of the Certificates. All Installment Payments shall be accounted for through and held in trust. All Installment Payments deposited with the Trustee as herein provided shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Trustee.

(b) Money in the Series 2022C Payment Fund shall be used and withdrawn by the Trustee for the purpose of paying (i) the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by the Certificates purchased or prepaid prior to maturity), and (ii) the principal evidenced and represented by the Certificates as it shall become due and payable.

(c) Any moneys which, pursuant to Section 7.1 of the Installment Purchase Agreement, are to be used to prepay the Certificates pursuant to Section 3.01 hereof shall be deposited by the Trustee in the Series 2022C Payment Fund. The Trustee shall, on the scheduled prepayment date, withdraw from the Series 2022C Payment Fund and pay to the Owners entitled thereto an amount equal to the prepayment price of the Certificates to be prepaid on such date plus interest evidenced and represented by the Certificates to the Prepayment Date.

SECTION 5.03. Investment of Moneys in Funds. Moneys in the funds established with the Trustee hereunder shall, in accordance with a Written Request of Valley Water, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of Valley Water to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of Valley Water, the Trustee shall invest moneys in clause (g) of the definition of Permitted Investments. The obligations in which moneys in said funds are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out hereunder. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment required under this Trust Agreement. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with this Trust Agreement. For purposes of determining the amount of deposit in any fund held hereunder, all Permitted Investments credited to such fund shall be valued at the market value thereof. Except as otherwise provided in this Section, Permitted Investments representing an investment of moneys attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of said fund. To the extent that Permitted Investments are registerable securities, such Permitted Investments shall be registered in the name of the Trustee.

The Trustee may act as principal or agent in the acquisition or disposition of investments and may commingle moneys in funds and accounts for the purpose of investment.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates,

whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Valley Water acknowledges that to the extent 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 will not receive such confirmations to the extent permitted by law. The Trustee will furnish Valley Water periodic cash transaction statements which shall include detail for all investment transactions 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 hereunder.

SECTION 5.04. Application of the Series 2022C Certificate Rebate Fund.

(a) Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest evidenced and represented by the Certificates will not be adversely affected, Valley Water shall cause to be deposited in the Series 2022C Certificate Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. Within the Series 2022C Certificate Rebate Fund, there shall be established two separate accounts designated the “Rebate Account” and the “Alternative Penalty Account.” All money at any time deposited in the Rebate Account or the Alternative Penalty Account shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Series 2022C Certificate Rebate Fund 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 Special Counsel that the exclusion from gross income for federal income tax purposes of interest evidenced and represented by the Certificates will not be adversely affected if such requirements are not satisfied.

(b) The following provisions relate to the Rebate Account and the Alternate Penalty Account of the Series 2022C Certificate Rebate Fund:

(i) Rebate Account. The following requirements shall be satisfied with respect to the Rebate Account:

(A) Annual Computation. Within 55 days of the end of each Certificate Year, 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 the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (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 Certificate 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.

(B) Annual Transfer. Within 55 days of the end of each applicable Certificate Year, upon the written direction of a representative of Valley Water, an amount shall be deposited to the Rebate Account by the Trustee from any funds legally available for such purpose (as specified by Valley Water in the aforesaid written direction), if and to the extent required

so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (b)(1). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from a representative of Valley Water, the Trustee shall withdraw the excess from the Rebate Account and then credit the excess to the Series 2022C Payment Fund.

(C) Payment to the Treasury. The Trustee shall pay, as directed in writing by a representative of Valley Water, to the United States Treasury, out of amounts in the Rebate Account,

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

(Y) Not later than 60 days after the payment of all the Certificates, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Certificate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account 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 (b)(1) shall be made to the Internal Revenue Service Center on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(ii) Alternative Penalty Account.

(A) Six-Month Computation. If the 1½% Penalty has been elected, within 85 days of each particular Six-Month Period, Valley Water shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. Valley Water shall obtain expert advice in making such determinations.

(B) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, upon the written direction of a representative of Valley Water, the Trustee shall deposit in the Alternative Penalty Account from any legally available source of funds (as specified by Valley Water in the aforesaid written direction), if and to the extent required, so that the balance in the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in Subsection (b)(ii)(A) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of

the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by Subsection (b)(ii)(C) below, the Trustee, at the written direction of a representative of Valley Water, shall withdraw the excess from the Alternative Penalty Account and credit the excess to the Series 2022C Payment Fund.

(C) Payment to the Treasury. The Trustee shall pay, as directed in writing by a representative of Valley Water, to the United States Treasury, out of amounts in the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Account, the amount in such account is not sufficient to make such payment when such payment is due, Valley Water shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from any legally available source of funds equal to such deficiency into the Alternative Penalty Account prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b)(2) shall be made to the Internal Revenue Service on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T or shall be made in such other manner as provided under the Code.

(c) Disposition of Unexpended Funds. Any funds remaining in the Series 2022C Certificate Rebate Fund after prepayment and payment of the principal and interest evidenced and represented by the Certificates, the payments described in Subsection (b)(1)(iii) or (b)(2)(iii) (whichever is applicable), may be withdrawn by Valley Water and utilized in any manner by Valley Water.

(d) Survival of Defeasance. Notwithstanding anything in this Section or this Trust Agreement to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Certificates.

(e) Duty of Trustee. The Trustee shall be fully protected and shall be deemed to have complied with the provisions of this Section 5.04 if it complies with the written directions of Valley Water delivered pursuant to this Section 5.04 and the Trustee shall have no responsibility to enforce compliance by Valley Water with the Tax Certificate.

SECTION 5.05. Application of Series 2022C Acquisition and Construction Fund. Amounts on deposit in the Series 2022C 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 B, 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 in the acquisition and/or construction of the Project.

Within the Series 2022C 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, including a Costs of Issuance Account.

When all Costs of Issuance have been paid and the acquisition and/or construction of the Project 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 2022C Acquisition and Construction Fund to the Series 2022C Certificate Rebate Fund an amount to the

extent necessary to pay Rebatable Arbitrage and any remaining balance to the Series 2022C Payment Fund and applied as provided in this Trust Agreement.

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.

ARTICLE VI

COVENANTS

SECTION 6.01. Compliance with Trust Agreement; Compliance of Laws and Regulations. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof; and neither the Corporation nor Valley Water will suffer or permit any default by them to occur hereunder, but each will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them.

The Corporation and Valley Water will faithfully observe and perform all lawful and valid obligations or regulations now hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

SECTION 6.02. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the Installment Payments and the proceeds of the Certificates or the obligation which they evidence and represent. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, and (d) the amounts and dates of any payments made with respect thereto. Such records shall be open to inspection by any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions and upon reasonable written request during the regular business hours of the Trustee on any Business Day. As soon as available after June 30, 2023, and continuing after each June 30th so long as any Certificates are Outstanding, the Trustee will furnish to the Corporation and to any Owner who may so request (at the expense of such Owner) a complete statement covering the receipts, deposits and disbursements of the money held hereunder for the preceding fiscal year. In addition, the Trustee shall provide Valley Water with a monthly accounting of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

SECTION 6.03. Installment Purchase Agreement. The Corporation will at all times maintain and vigorously enforce all of its rights under the Installment Purchase Agreement, and will promptly collect or cause to be collected all Installment Payments as the same become due under the Installment Purchase Agreement, and will promptly and vigorously enforce its rights against any

person who does not pay such Installment Payments as they become due under the Installment Purchase Agreement. The Corporation and Valley Water will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreement by the purchaser thereunder.

SECTION 6.04. Other Liens. Valley Water will keep the Project free from judgments, mechanics, and materialmen's liens (except those arising from the acquisition, construction and installation of the Project) and free from all liens, claims, demands and encumbrances of whatsoever prior nature or character to the end that the security for the Certificates provided herein will at all times be maintained and preserved free from any claim or liability which might hamper Valley Water in conducting its business or interfere with Valley Water's operation of the Project, and the Trustee at its option (after first giving Valley Water thirty (30) days written notice to comply therewith and failure of Valley Water to so comply within such period) may (but shall not be obligated to) defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceeding; provided, however, that in defending such actions or proceedings or in paying or compromising such claims or demands the Trustee shall not in any event be deemed to have waived or released Valley Water from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder to defend the validity hereof and the pledge of the Installment Payments made herein and to perform such agreements and covenants.

SECTION 6.05. Prosecution and Defense of Suits. Valley Water will promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing, and shall prosecute or cause to be prosecuted all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and hold the Trustee harmless from all loss, cost, damage and expense, including attorney's fees, which it may incur by reason of any such defect, cloud, suit, action or proceeding.

Valley Water will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Trustee hereunder; provided that the Trustee at its election may appear in and defend any such suit, action or proceeding.

SECTION 6.06. Further Assurances. Whenever and so often as requested to do so by the Trustee, Valley Water will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 6.07. Recordation and Filing. Valley Water will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the money in the Series 2022C Payment Fund hereunder in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the respective Owners and the rights of the Trustee hereunder (with copies of each such document being forwarded to the Trustee), and Valley Water will do whatever else may

be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the money in the funds herebefore described.

SECTION 6.08. Tax Covenants. Notwithstanding any other provision of this Agreement, absent an Opinion of Counsel that the exclusion from gross income of interest with respect to the Certificates 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 and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. Valley Water will not take or omit to take any action or make any use of the proceeds of the Certificates or of any other moneys or property which would cause the Certificates 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 Certificates or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Certificates 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 Certificates or take or omit to take any action that would cause the Certificates 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.

(e) Miscellaneous. Valley Water will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section shall not be applicable to, and nothing contained herein shall be deemed to prevent Valley Water from causing the Trustee to execute and deliver, Certificates the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

ARTICLE VII

THE TRUSTEE

SECTION 7.01. Employment and Duties of the Trustee. The Corporation and Valley Water hereby appoint and employ U.S. Bank Trust Company, National Association, in San Francisco, California, as Trustee to receive, deposit and disburse the Installment Payments as provided herein, to prepare, execute, deliver, transfer, exchange and cancel the Certificates as provided herein, to pay the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates to the Owners thereof as provided herein and to perform the other obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Trust Agreement, the Trustee undertakes to perform such obligations (and only such obligations) as are specifically set forth herein, and no implied covenants or obligations shall be read herein against the Trustee.

Prior to any resignation by the Trustee pursuant to Section 7.02, the Trustee will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on it by contract, or prescribed by any state or federal law, or by any officer, board or commission having jurisdiction or control over the Trustee, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

Whenever provision is made herein for the cancellation by the Trustee of any Certificates, the Trustee shall destroy such Certificates and deliver a certificate of such destruction to Valley Water.

SECTION 7.02. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement 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 Trust Agreement, 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) So long as no Event of Default has occurred and is continuing, upon thirty (30) days' written notice to the Trustee, Valley Water may remove the Trustee at any time and shall remove the Trustee at any time requested to do so by an instrument or concurrent instruments in writing, or in the case of the Certificates, the Owners of the Certificates of not less than a majority in aggregate amount of Certificates 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 commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or 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 shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may resign by giving written notice of such resignation to Valley Water and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the certificate register. 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 shall have accepted appointment within ninety (90) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of Valley Water, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction 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 Trust Agreement 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 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 Trust Agreement 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, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the bond register.

(e) Any Trustee appointed under the provisions of this Trust Agreement shall be a trust company or bank having trust powers, having a corporate trust office in California, the combined capital, surplus and undivided profits of such trust company or bank (or in the event that such trust company or bank is a member of a bank holding company system, of its bank holding company) of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank 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 bank or trust company 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.

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

(g) The Trustee shall not be responsible for the sufficiency, timeliness or payment of the Installment Payments, the maintenance of insurance as required by the Installment Purchase Agreement or reviewing any report or certificate required to be provided hereunder or under the Installment Purchase Agreement.

(h) The Trustee shall not be accountable for the use or application by Valley Water, the Corporation or any other party of any funds which the Trustee has released under this Trust Agreement.

(i) The Trustee may employ attorneys, agents or receivers in the performance of any of its duties hereunder and shall not be answerable for the misconduct of any such attorney, agent or receiver selected by it with reasonable care.

SECTION 7.03. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 7.02, shall succeed to the rights and

obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 7.04. Compensation and Indemnification. Valley Water shall pay the Trustee, or cause the Trustee to be paid, reasonable compensation for its services rendered hereunder and shall reimburse the Trustee for reasonable expenses (including reasonable fees and expenses of its attorneys) incurred by the Trustee in the performance of its obligations hereunder.

Valley Water agrees, to the extent permitted by law, to indemnify the Trustee and its respective officers, directors, members, employees, attorneys and agents for, and to hold them harmless against, any loss, liability or expense incurred without negligence or willful misconduct on their part arising out of or in connection with the acceptance or administration of the trusts imposed by this Trust Agreement, including performance of their duties hereunder, including the costs and expenses of defending themselves against any claims or liability in connection with the exercise or performance of any of their powers or duties hereunder. Such indemnity shall survive the termination or discharge of this Trust Agreement and resignation or removal of the Trustee.

SECTION 7.05. Liability of Trustee.

(a) The recitals of facts herein and in the Certificates contained shall be taken as statements of Valley Water, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Trust Agreement, the Installment Purchase Agreement or of the Certificates, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall, however be responsible for its representations contained in its certificate of execution on the Certificates. 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 Certificates with the same rights it would have if it were not Trustee or and, to the extent permitted by law, may act as depositary 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 Owners, whether or not such committee shall represent the Owners of a majority in aggregate amount of Certificates then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been 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 the Certificates, of not less than 25% in aggregate amount of Certificates, 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 Trust Agreement.

(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 Trust Agreement, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at the Corporate Trust Office of the Trustee. Except as otherwise expressly provided herein, and subject to Section 7.02, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Certificates, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) The Trustee makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

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

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

SECTION 7.06. Right to Rely on Documents. The Trustee shall be protected in acting, and may conclusively rely, upon any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and need not conduct any independent investigation of the matters covered therein. The Trustee may consult with counsel, who may be counsel but need not be 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.

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

SECTION 7.07. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of Valley Water and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

ARTICLE VIII

AMENDMENT OF THE TRUST AGREEMENT

SECTION 8.01. Amendment of the Trust Agreement. (a) This Agreement and the rights and obligations of Valley Water and of the Owners of the Certificates and of the Trustee may

be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 8.02 hereof, shall have been filed, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest or yields-to-maturity, as the case may be, represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

(b) This Agreement and the rights and obligations of the Corporation and Valley Water and of the Owners of the Certificates may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes —

(i) to add to the covenants and agreements of the Corporation or Valley Water contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or Valley Water, and which shall not adversely affect the interests of the Owners of the Certificates;

(ii) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Corporation or Valley Water may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Certificates; and

(iii) to make any other amendments or modifications as may be determined by Valley Water and the Corporation which are not materially adverse to the interests of the Owners of the Certificates.

SECTION 8.02. Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or Valley Water shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

SECTION 8.03. Endorsement or Replacement of Certificates After Amendment. After the effective date of any action taken as hereinabove provided, the Corporation may determine that the Certificates may bear a notation by endorsement in form approved by the Corporation as to such action, and in that case upon demand of the Owner of any Outstanding Certificates and presentation of his Certificate for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Corporation or Valley Water shall so determine, new Certificates so modified as, in the opinion of the Corporation or Valley Water, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Certificate such new Certificates shall be exchanged at the Corporate Trust Office of the Trustee without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

SECTION 8.04. Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates owned by him, provided that due notation thereof is made on such Certificates.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 9.01. Notice of Non-Payment. In the event of delinquency in the payment of any Installment Payments due by Valley Water pursuant to the Installment Purchase Agreement, the Trustee shall, after one business day following the date upon which such delinquent Installment Payment was due, as soon as practicable give written notice of the delinquency and the amount of the delinquency to Valley Water and the Corporation.

SECTION 9.02. Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Installment Purchase Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee shall be entitled upon notice in writing to Valley Water, to exercise the remedies provided to the Corporation in the Installment Purchase Agreement.

SECTION 9.03. Proceedings by Trustee. Upon the happening and continuance of any Event of Default the Trustee shall do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, to enforce its rights against the Corporation or Valley Water or any director, officer or employee of Valley Water, and to compel the Corporation or Valley Water or any such director, officer or employee of Valley Water to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained herein required to be observed or performed by it or him;

(b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and

(c) by suit in equity upon the happening of an Event of Default hereunder to require the Corporation and Valley Water and the directors, officers and employees of Valley Water to account as the trustee of an express trust.

SECTION 9.04. Non-Waiver. A waiver of any default hereunder of breach of any obligation by the Trustee hereunder or by the Corporation or Valley Water under the Installment Purchase Agreement shall not affect any subsequent default hereunder or any subsequent breach of an obligation by the Trustee hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation by the Trustee hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Corporation or Valley Water, the Trustee, the Corporation

and Valley Water shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 9.05. Application of Funds. All moneys on deposit in the funds and accounts held hereunder (other than the Series 2022C Certificate Rebate Fund) and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this article or of Article IV of the Installment Purchase Agreement shall be deposited in segregated accounts in the Series 2022C Payment Fund, and shall be applied by the Trustee in the following order and upon presentation of the several Certificates and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid.

First, Costs and Expenses: ratably to the payment of the costs and expenses of the Trustee and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, accountants and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Certificates then due, and, if the amount available shall not be sufficient to pay in full any payment or payments of interest coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Certificates which shall have become due, whether on the Certificate Payment Date or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest evidenced and represented by the Certificates to be paid at a rate equal to the rate or rates of interest then applicable to the Certificates if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of interest, principal and prepayment premiums, if any, due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 9.06. Remedies Not Exclusive. No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

SECTION 9.07. No Liability by the Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments by Valley Water, or with respect to the observance or performance by Valley Water of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed or performed by it, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 9.08. No Liability by Valley Water to the Owners. Except for the payment when due of the Installment Payments and the observance and performance of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed or performed by it, Valley Water shall not have any obligation or

liability to the Owners with respect hereto or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the Installment Payments by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 9.09. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments by Valley Water, or with respect to the observance or performance by Valley Water of the other agreements, conditions, covenants and terms contained in the Installment Purchase Agreement or herein required to be observed and performed by Valley Water. The recitals of facts, covenants and agreements contained herein and in the Certificates shall be taken as statements, covenants and agreements of Valley Water and the Corporation, and the Trustee neither assumes any responsibility for the accuracy of the same, nor makes any representations as to the validity or sufficiency of this Trust Agreement or of the certificates nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon the Trustee.

SECTION 9.10. Actions by the Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated, and the Trustee is hereby appointed (and the successive respective Owners, by taking and holding the same, shall be conclusively deemed so to have appointed the Trustee) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any suit, action, or proceeding and to do perform any and all acts and things for and on behalf of the respective Owners, as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, that the Trustee need not institute any such suit, action or proceeding until it shall have been first provided with indemnity adequate to it.

SECTION 9.11. Power of the Trustee to Control Proceedings. In the event that the Trustee, upon the occurrence of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder whether upon its own discretion, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Certificates and Trust Agreement.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of any Outstanding Certificates the interest and principal and prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated herein and therein, then such Owners evidenced and represented thereby shall cease to be entitled to the pledge of and lien on the moneys in the Series 2022C Payment Fund, as provided herein, and all agreements, covenants and other obligations of the Corporation and Valley Water to said Owners hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Corporation and Valley Water all such instruments as may be necessary or

desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to Valley Water all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented thereby.

(b) Any Outstanding Certificates shall on their Certificate Payment Dates or their dates of prepayment prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money held in trust for the benefit of the Owners of such Certificates which is sufficient to pay the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates payable on and prior to their Certificate Payment Dates or their dates of prepayment prior thereto.

Any Outstanding Certificates shall prior to their Certificate Payment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their respective Certificate Payment Date, Valley Water shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 3.03 of this Trust Agreement, notice of prepayment of such Certificates on said prepayment date, said notice to be given in accordance with Section 3.03 of this Trust Agreement, (2) there shall have been irrevocably deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant be sufficient to pay when due the interest evidenced and represented by such Certificates on and prior to their respective Certificate Payment Date or prepayment date thereof, as the case may be, (3) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, Valley Water shall have given the Trustee in form satisfactory to it irrevocable instructions to provide as soon as practicable, a notice to the Owners of such Certificates that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this Section and stating the maturity date or prepayment date upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on such Certificates, and (4) in the case of Book-Entry Certificates, the Trustee shall give notice to the Depository of the prepayment of all or part of such Book-Entry Certificates on the date proceeds or other funds are deposited in escrow with respect to such Book-Entry Certificates.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, the Trustee shall notify Valley Water and the Corporation of any money held by the Trustee in trust for the payment and discharge of any of the Certificates which has remained unclaimed for two (2) years after the date when such Certificates have become due and payable, either at their stated maturity dates or by call for prepayment prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee. The Trustee shall at the Written Request of Valley Water transfer such money to the State to become subject to the escheat laws of the State free from the trusts created by this Trust Agreement upon receipt of an indemnification agreement acceptable to Valley Water and the Trustee indemnifying the Trustee with respect to claims of Owners of Certificates 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 Certificates which have not yet been paid, at the addresses shown on the registration books of the

Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates 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 of Valley Water Limited to Installment Payments.

Notwithstanding anything contained herein to the contrary, Valley Water shall not be required to advance any money derived from any source of income other than the Installment Payments as provided herein for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates or for the performance of any agreements or covenants herein contained. Valley Water may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Certificates shall be payable solely from the Installment Payments and amounts on deposit in the funds established hereunder (other than amounts on deposit in the Series 2022C Certificate Rebate Fund created pursuant to Section 5.04). The Certificates do not constitute a debt or liability of Valley Water or of the State of California and neither the faith and credit of Valley Water nor of the State are pledged to the payment of the principal, or interest evidenced and represented by the Certificates.

SECTION 11.02. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity other than the Corporation, Valley Water, the Trustee and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Corporation, Valley Water or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.03. Successor is Deemed Included in All References to Predecessor.

Whenever herein either the Corporation, Valley Water or any member, officer or employee thereof is named or referred to, such reference shall be deemed to include the respective successor to the powers, duties and functions with respect to the administration, control and management of the Project that are presently vested in the Corporation, Valley Water or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Corporation, Valley Water or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.04. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn before such notary public or other officer. The ownership of any Certificates and the amount, maturity, number and date of holding the same may be

proved by the registration books relating to the Certificates at the Corporate Trust Office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by Valley Water in good faith and in accordance therewith.

SECTION 11.05. Waiver of Personal Liability. No member, officer or employee of Valley Water shall be individually or personally liable for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates by reason of their delivery, but nothing herein contained shall relieve any member, officer or employee of Valley Water from the performance of any official duty provided by any applicable provisions of law or hereby.

SECTION 11.06. Acquisition of Certificates by Valley Water. All Certificates acquired by Valley Water, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 11.07. Destruction of Cancelled Certificates. Whenever provision is made for the return to Valley Water of any Certificates which have been cancelled pursuant to the provisions hereof, the Trustee shall destroy such Certificates and furnish to Valley Water a certificate of such destruction.

SECTION 11.08. Funds. Any fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. The Trustee may establish such funds and accounts hereunder as it deems necessary or appropriate to perform its obligations under this Trust Agreement.

SECTION 11.09. Article and Section Readings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 11.10. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of Valley Water, the Corporation or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law. Valley Water, the Corporation and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the delivery of the Certificates pursuant hereto irrespective

of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.11. Execution in Several Counterparts. This Trust Agreement 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, the Corporation and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.12. Law Governing. This Trust Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 11.13. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first-class postage prepaid, namely:

If to the Trustee:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust

If to the Corporation:

Santa Clara Valley Water District
Public Facilities Financing Corporation
c/o Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: District Counsel

If to Valley Water:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: Treasury, Debt and Grants Officer

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be signed by one of their officers thereunder duly authorized, all as of the day and year first above written.

SANTA CLARA VALLEY WATER DISTRICT

(SEAL)

By: _____
Authorized Officer

ATTEST:

Clerk of the Board of Directors

SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING
CORPORATION

(SEAL)

By: _____
President

ATTEST:

Secretary

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

By: _____
Authorized Officer

EXHIBIT A
FORM OF SERIES 2022C CERTIFICATE OF PARTICIPATION

No. R-__ \$_____

Safe Clean Water Program Revenue Certificate of Participation
Series 2022C
Evidencing and Representing a Proportionate,
Undivided Interest of the Owner Hereof
in Installment Payments to Be Made
by the
SANTA CLARA VALLEY WATER DISTRICT
to the
Santa Clara Valley Water District Public Facilities Financing Corporation
under and pursuant to the
Installment Purchase Agreement

Interest Rate	Maturity Date	Dated Date	CUSIP
_____ %	August 1, _____	_____, 2022	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Certificate of Participation (the "Certificate") is the owner of an undivided interest in the right to receive the Installment Payments (as defined below) payable by the Santa Clara Valley Water District ("Valley Water") pursuant to the Installment Purchase Agreement (described below) on the maturity date specified above (subject to any right of prior prepayment provided for) the principal sum specified above, together with interest evidenced and represented hereby at the interest rate per annum specified above on each February 1 and August 1 commencing February 1, 2023 (the "Interest Payment Dates") from the Interest Payment Date next preceding the date of execution hereof, unless such date of execution is during the period commencing after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") through and including the next succeeding Interest Payment Date, in which event this Certificate shall represent interest from such Interest Payment Date and with respect to the first Interest Payment Date, this Certificate shall represent interest from the Dated Date until the principal evidenced and represented hereby shall have been paid; provided, however, that if on the date of execution of this Certificate, interest is then in default on the Certificates, this Certificate shall evidence interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Certificate.

The principal evidenced and represented by this Certificate shall be payable (without notice of payment to the registered owner hereof) in lawful money of the United States of America at the Corporate Trust Office (as defined in the Trust Agreement) of U.S. Bank Trust Company, National

Association, (herein, together with any successor as trustee under the hereinafter defined Trust Agreement, called the “Trustee”) upon presentation and surrender of this Certificate.

Payment of interest evidenced and represented by this Certificate due on or before the maturity or prior prepayment hereof shall be made to the person in whose name this Certificate is registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Trustee at its Corporate Trust Office such interest to be paid by check mailed by first class mail by the Trustee on such Interest Payment Date to the registered owner at his address as it appears on such books; provided that upon the written request of an Owner of \$1,000,000 or greater in aggregate principal amount of outstanding Certificates received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds to an account within the United States of America. Interest evidenced and represented by this Certificate shall be payable in lawful money of the United States of America. Interest on the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Certificate is one of a duly authorized issue of Certificates of Participation of Valley Water designated as the “Safe Clean Water Program Revenue Certificates of Participation, Series 2022C” (the “Certificates”) in the aggregate principal amount of _____ Dollars (\$_____), all of like tenor and date (except for variations relating to Certificates (as may be required to designate varying numbers, maturities and interest rates), and is executed and delivered, under and pursuant to the provisions of a trust agreement, dated as of November 1, 2022 (the “Trust Agreement”), by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and the Trustee (copies of which are on file at the Corporate Trust Office of the Trustee).

The Certificates are executed and delivered to provide funds for financing public facilities of Valley Water and to reimburse Valley Water for previous amounts expended on the financing of public facilities. The Certificates are payable solely from installment payments (the “Installment Payments”) paid by Valley Water for the purchase of the Project pursuant to an Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation (the “Installment Purchase Agreement”), including interest or profits from the investment of money in certain funds established under the Trust Agreement for the payment of the Certificates (other than amounts on deposit in the Series 2022C Certificate Rebate Fund) and amounts on deposit in the funds established under the Trust Agreement (other than amounts on deposit in the Series 2022C Certificate Rebate Fund). The Installment Payments do not constitute a debt or liability of Valley Water or of the State of California in contravention of any constitutional or statutory debt limit and neither the faith and credit of Valley Water nor of the State of California are pledged to the payment of the principal or interest evidenced and represented by the Certificates.

The Certificates are subject to extraordinary prepayment by Valley Water on any date prior to their respective Certificate Payment Dates, upon notice as provided in the Trust Agreement, as a whole or in part, in such order of prepayment as Valley Water may determine, in integral multiples of Authorized Denominations, from payments made by Valley Water from the Net Proceeds, upon the terms and conditions of, and as provided for in the SCW Master Resolution, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid, plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

The Certificates with Certificate Payment Dates on or after August 1, 20__ are subject to optional prepayment prior to their respective Certificate Payment Dates by Valley Water on any date on or after ____ 1, 20__, upon notice as provided in the Trust Agreement, as a whole or in part by lot in such order of maturity as Valley Water may determine, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to 100% of the principal amount to be prepaid, plus interest, if any, accrued with respect thereto to the date of prepayment, without premium.

The Certificates with stated maturities on August 1, 20__ are subject to mandatory sinking fund prepayment in part, on each August 1 on and after August 1, 20__, in integral multiples of \$5,000 at a prepayment price of the principal amount thereof plus accrued interest evidenced thereby to the prepayment date, without premium, in accordance with the following schedule:

<i>Prepayment Date</i> (August 1)	<i>Principal</i> <i>Amount</i>
--------------------------------------	-----------------------------------

* Final Maturity.

Notice of prepayment of this Certificate shall be given by the Trustee not less than twenty (20) days nor more than sixty (60) days prior to the prepayment date to (i) the respective Owners of the Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee (ii) the Securities Depositories and (iii) the Information Services subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of prepayment has been duly given as aforesaid and money for the payment of the above-described prepayment price is held by the Trustee, in the Series 2022C Payment Fund then this Certificate so called for prepayment shall, on the prepayment date designated in such notice, become due and payable at the above-described prepayment price; and from and after the date so designated, interest evidenced and represented on this Certificate shall cease to accrue and the registered owner of this Certificate shall have no rights in respect hereto except to receive payment of the prepayment price hereof.

This Certificate is transferable only in the books required to be kept for that purpose at the Corporate Trust Office of the Trustee by the registered owner hereof in person or by his duly authorized attorney, upon surrender of this Certificate together with a duly executed written instrument of transfer in a form approved by the Trustee and thereupon a new fully registered Certificate or Certificates will be executed and delivered, by the Trustee of like series and of authorized denominations of the same Certificate Payment Date evidenced and representing the same aggregate principal amount a Certificate will be issued to the transferee in exchange therefor. This Certificate may be exchanged at the Corporate Trust Office of the Trustee for the same aggregate principal amount evidenced and represented by a Certificate of authorized denominations. The Trustee shall not be required to register the transfer of or exchange (i) any Certificates during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate which has been selected for prepayment in whole or in part.

The Trustee may treat the registered owner hereof as the absolute owner hereof all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any notice or

knowledge to the contrary; and payment of the interest and principal prepayment premiums and represented by the Certificate shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability evidenced and represented by this Certificate to the extent of the sum or sums so paid.

The Trust Agreement and the rights and obligations of Valley Water, the Corporation, the Trustee and of the registered owners of the Certificates may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Trust Agreement, but no such modification or amendment shall (i) extend the maturity of this Certificate or reduce the rate of interest or yields-to-maturity, as the case may be hereon or extend the time of payment of interest, or reduce the amount of principal hereon, or reduce any premium payable on the prepayment hereon without the consent of the registered owner of this Certificate, (ii) reduce the percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification or, (iii) modify any rights or obligations of the Trustee of the Corporation without its prior written assent thereto, all as more fully set forth in the Trust Agreement.

If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the registered owners of any outstanding Certificates the interest and the principal and the prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated herein and in the Trust Agreement, then the registered owners of such Certificates shall cease to be entitled to the pledge of and lien on the moneys in the Series 2022C Payment Fund, as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Corporation and Valley Water to the registered owners of such Certificates under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied.

This Certificate shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until executed and dated by the Trustee.

Valley Water certified that all acts and proceedings required by law necessary to make this Certificate, when executed by the Trustee and duly issued, the valid, binding and legal special obligation of Valley Water have been done and taken, and have been in all respects duly authorized.

The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity. The Trustee is not liable for the obligations evidenced by the Certificates except from amounts held by it in its capacity as Trustee under the Trust Agreement.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized officer of the Trustee as of the date set forth below.

Date of Execution: _____, 2022

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

By: _____
Authorized Officer

[FORM OF ASSIGNMENT TO CERTIFICATES]

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

(name, address and social security number or other identifying number)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTE: Signature(s) must be guaranteed by
an eligible guarantor institution

EXHIBIT B

FORM OF WRITTEN REQUEST FOR REQUISITION FROM ACQUISITION AND CONSTRUCTION FUNDS

\$_____

SANTA CLARA VALLEY WATER DISTRICT SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION SERIES 2022C

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 5.05 of that certain Trust Agreement, dated as of November 1, 2022 (the “Trust Agreement”), by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) 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 2022C Acquisition and Construction Fund established under the Trust Agreement, 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 Acquisition Fund;

(iv) that there has not been filed with or served upon Valley Water or the Corporation 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 FUND DISBURSEMENTS

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

SANTA CLARA VALLEY WATER DISTRICT

\$ _____
Safe Clean Water Program Revenue Certificates of Participation
Series 2022C

CERTIFICATE PURCHASE CONTRACT

_____, 2022

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3614

Ladies and Gentlemen:

The undersigned, _____, on its own behalf and as representative (the “*Representative*”) of the underwriters identified herein (collectively with the Representative, the “*Underwriters*”), offers to enter into this Certificate Purchase Contract (this “*Certificate Purchase Contract*”) with the Santa Clara Valley Water District (“*Valley Water*”), which will be binding upon Valley Water and the Underwriters upon the acceptance hereof by Valley Water by execution and delivery of this executed Certificate Purchase Contract to the Representative on or before 10:00 p.m., California time, on the date hereof. Capitalized terms used in this Certificate Purchase Contract and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement (as defined herein).

Any authority, discretion, or other power conferred upon the Underwriters by this Certificate Purchase Contract shall be exercised by the Representative alone, except as otherwise expressly provided.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriters hereby agree to purchase from Valley Water for reoffering to the public, and Valley Water hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of Valley Water’s \$_____ principal amount of Safe Clean Water Program Revenue Certificates of Participation, Series 2022C (the “*Certificates*”).

The Certificates shall be dated the date of delivery thereof and shall be payable on each August 1 in the years and in the amounts, bear interest at the rates, and be subject to prepayment as set forth in Schedule I hereto. Interest with respect to the Certificates shall be payable on February 1 and August 1 of each year, commencing [February 1, 2023].

The purchase price for the Certificates shall be \$_____, which is equal to the principal amount of the Certificates, plus original issue premium of \$_____, and less an underwriters’ discount of \$_____.

The obligation of the Underwriters to purchase, accept delivery of, and pay for the Certificates is conditioned on the execution and delivery by Valley Water of all of the Certificates to the Underwriters at Closing (as hereinafter defined).

Section 2. Description of the Certificates. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2022 (the “*Trust Agreement*”) by and among Valley Water, Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The Certificates represent a right to receive the installment payments (the “*Installment Payments*”) payable by Valley Water under an Installment Purchase Agreement dated as of November 1, 2022 by and between Valley Water and the Corporation (the “*Certificate Installment Purchase Agreement*”). The Installment Payments are made solely from SCW Revenues (as such term is defined in the SCW Master Resolution (defined below)) as provided in the SCW Master Resolution. Pursuant to the terms of the Assignment Agreement made and entered into as of November 1, 2022 (the “*Assignment Agreement*”), the Corporation will assign the Installment Payments to the Trustee for the benefit of the owners of the Certificates.

The Certificate Installment Purchase Agreement is being executed and delivered pursuant to Resolution No. 21-34 adopted by the Board of Directors on May 11, 2021 (the “*SCW Master Resolution*”), Resolution No. 22-__ adopted by the Board of Directors on November 8, 2022 (the “*2022 Resolution*” and together with the SCW Master Resolution, the “*Resolution*”). The Certificates shall be as described in the Trust Agreement.

The proceeds of the Certificates will be used to: (i) [acquire and /or construct certain capital improvements included in the Safe Clean Water and Natural Flood Protection Program]; and (ii) pay costs of execution and delivery of the Certificates.

The Certificates Installment Purchase Agreement is a special obligation of Valley Water secured by a pledge of SCW Revenues and payable solely from SCW Revenues prior to \$_____ aggregate principal amount of subordinate obligations.

In order to enable the Underwriters to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (“*Rule 15c2-12*”), Valley Water and U.S. Bank Trust Company, National Association, as dissemination agent (the “*Dissemination Agent*”), will execute and deliver a Continuing Disclosure Agreement (the “*Continuing Disclosure Agreement*”) concurrently with delivery of the Certificates.

Section 3. Public Offering. The Underwriters agree to make a bona fide public offering of all the Certificates initially at the public offering prices (or yields) set forth on Schedule I attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Representative reserves the right to change the public offering prices (or yields) as the Representative deems necessary in connection with the marketing of the Certificates, provided that the Representative shall not change the interest rates set forth on Schedule I. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Section 4. Delivery of Official Statement. Valley Water has delivered or caused to be delivered to the Underwriters prior to the execution of this Certificate Purchase Contract, copies of the Preliminary Official Statement in electronic form relating to the Certificates dated _____, 2022, including the cover pages, the appendices thereto and all information incorporated therein by reference in electronic form (the “*Preliminary Official Statement*”). Such Preliminary Official Statement was

deemed final by Valley Water for purposes of Rule 15c2-12 and was approved for use and distribution by the Underwriters by the Certificates.

Within seven (7) business days from the date hereof, or such earlier date identified by the Representative to be necessary to allow the Underwriters to meet their obligations under Rule 15c2-12 and Rule G-32 of the Municipal Securities Rulemaking Board (the “*MSRB*”), Valley Water shall deliver to the Underwriters a final Official Statement in electronic form, executed on behalf of Valley Water by its authorized representative and dated the date hereof, with such other amendments or supplements as shall have been approved by Valley Water and the Representative (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “*Official Statement*”) and which the Underwriters may use to comply with Rule 15c2-12 and to meet potential customer requests for copies of the Official Statement. The Representative agrees to file the Official Statement in compliance with MSRB Rule G-32.

Section 5. The Closing. At 8:00 a.m., California time, on December __, 2022, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by Valley Water and the Representative (the “*Closing Date*”), the Representative will accept delivery of the Certificates on behalf of the Underwriters through the facilities of The Depository Trust Company (“*DTC*”), by initial deposit with the Trustee (in care of *DTC*) through *DTC*’s Fast Automated Securities Transfer System procedures, and the other documents described herein, duly executed, at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“*Special Counsel*”), in Newport Beach, California or another place mutually agreed upon by Valley Water and the Representative. The Representative will accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 in immediately available funds to the order of the Trustee on behalf of Valley Water. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “*Closing*.” The Certificates will be delivered in such denominations and deposited in the account or accounts specified with *DTC* by the Representative in accordance with the rules and operational arrangements of *DTC*.

It is anticipated that CUSIP identification numbers will be inserted on the Certificates, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Representative to accept delivery of the Certificates in accordance with the terms of this Certificate Purchase Contract.

Section 6. Representations, Warranties and Covenants of Valley Water. Valley Water represents, warrants and covenants to the Underwriters that:

(a) Due Organization, Existence and District. Valley Water is a special district, duly organized and existing under the Constitution and laws of the State of California (the “*State*”) with full right, power and authority to adopt the 2022 Resolution and to execute, deliver and perform its obligations under the Certificate Installment Purchase Agreement, the Trust Agreement, this Certificate Purchase Contract, and the Continuing Disclosure Agreement (collectively, the “*Financing Documents*”), and to carry out and consummate the transactions contemplated by the Resolution, the Financing Documents and as described in the Official Statement.

(b) Due Authorization and Approval. The 2022 Resolution has been duly and validly adopted by Valley Water, and Valley Water, by all necessary official action, has duly authorized the execution and delivery of the Financing Documents and the Official Statement, and the

performance by Valley Water of its obligations contained or described in the Resolution, the Financing Documents and the Official Statement, and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Resolution constitutes, and when executed and delivered, each of the Financing Documents will constitute, the legally valid and binding obligation of Valley Water enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws or equitable principles relating to or affecting creditors' rights generally or by the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State.

(c) Preliminary Official Statement Accurate and Complete. As of the date thereof and as of the date hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system, CUSIP numbers or any information incorporated into the Preliminary Official Statement or the Official Statement referred to below by reference, if any (the "Excluded Information")).

(d) Official Statement Accurate and Complete. As of the date thereof and at all times subsequent thereto, to and including the date that is 25 days following the "*End of the Underwriting Period*" for the Certificates, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except no representation is made with respect to the Excluded Information). The Representative acknowledges that the "*End of the Underwriting Period*" will be the date of Closing.

(e) Valley Water Agreement to Amend or Supplement Official Statement. If, between the date of the Official Statement and the date that is 25 days after the End of the Underwriting Period for the Certificates, an event occurs that would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, Valley Water will notify the Representative and, if, in the reasonable opinion of the Representative or its counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, Valley Water will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Representative and shall pay all expenses thereby incurred. Notwithstanding the foregoing, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Certificates, Valley Water will furnish such information with respect to itself as the Representative may from time to time reasonably request.

(f) Amended Official Statement. If the information contained in the Official Statement is amended or supplemented pursuant to Section 6(e), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date that is 25 days after the End of the Underwriting Period for the Certificates, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein,

in the light of the circumstances under which it was presented, not misleading (except no representation is made with respect to information relating to the Excluded Information, if any).

(g) No Material Change in Finances. Except as otherwise described in the Preliminary Official Statement and the Official Statement, there shall not have been any material adverse changes in the financial condition of Valley Water since June 30, 2021.

(h) No Breach or Default. As of the time of acceptance hereof, (A) Valley Water is not in default, nor has it been in default, as to principal or interest with respect to an obligation issued by or on behalf of Valley Water, and (B) Valley Water is not, in any manner which would materially adversely affect the transactions contemplated by the Financing Documents and the Official Statement, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any applicable judgment or decree or any trust agreement, indenture, installment purchase agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which Valley Water is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would materially adversely affect the transactions contemplated by the Financing Documents and the Official Statement, a default or event of default under any such instrument; and, as of such time, the adoption by Valley Water of the 2022 Resolution and the authorization, execution and delivery of this Certificate Purchase Contract and the other Financing Documents, and compliance by Valley Water with the provisions of each of such agreements or instruments do not in any manner which would materially adversely affect the transactions contemplated by the Financing Documents and the Official Statement, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, indenture, installment purchase agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which Valley Water (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Financing Documents.

(i) No Litigation. As of the time of acceptance hereof, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of Valley Water after due investigation, threatened (A) in any way questioning the corporate existence of Valley Water or the titles of the officers of Valley Water to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the adoption of the 2022 Resolution or the execution or delivery of the Certificates, the Financing Documents, or in any way contesting or affecting the validity of the Certificates or this Certificate Purchase Contract, the Resolution, the Financing Documents or the consummation of the transactions contemplated thereby, or contesting the powers of Valley Water to adopt the 2022 Resolution or to enter into this Certificate Purchase Contract or the other Financing Documents; (C) which, except as described in the Official Statement, may result in any material adverse change to the financial condition or operation of Valley Water or to its ability to pay the Installment Payments when due; or (D) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material

fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Prior Liens on SCW Revenues. The Certificate Installment Purchase Agreement, when executed and delivered in accordance with the SCW Master Resolution will be a valid and legally enforceable obligation of Valley Water in accordance with its terms and the terms of the SCW Master Resolution; and the SCW Master Resolution will provide, for the benefit of the holders from time to time of the Certificates and any Bonds and Contracts (as such terms are defined in the SCW Master Resolution) hereafter issued under the SCW Master Resolution, a legally valid and binding interest in and to the funds pledged under the SCW Master Resolution as described in the Official Statement; upon the execution and delivery of the Certificates, Valley Water does not and will not have outstanding any obligations which obligations are secured by a lien on the SCW Revenues superior to or except as described in the Official Statement, on a parity with the Certificates.

(k) Further Cooperation; Blue Sky Laws. Valley Water will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request in order (A) to qualify the Certificates for offer and sale under the Blue Sky or other bond laws and regulations of such states and other jurisdictions of the United States of America as the Representative may designate and (B) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, that Valley Water shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(l) Consents and Approvals. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by Valley Water of its obligations in connection with, this Certificate Purchase Contract, the Resolution, and the Financing Documents have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates.

(m) No Other Obligations. Except as disclosed in the Official Statement, between the date of this Certificate Purchase Contract and the date of Closing, Valley Water will not, without the prior written consent of the Representative, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the SCW Revenues.

(n) Certificates. Any certificate signed by any official of Valley Water and delivered to the Representative shall be deemed to be a representation and warranty by Valley Water to the Underwriters as to the statements made therein.

(o) Continuing Disclosure Undertakings. Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, Valley Water has not failed during the previous five years to comply in all material respects with any previous continuing disclosure undertakings that it has entered into pursuant to Rule 15c2-12.

(p) Relationship between the Underwriters and Valley Water. Valley Water acknowledges and agrees that: (i) no Underwriter is acting as a fiduciary or as a “municipal advisor” within the meaning of Section 15B of the Securities Exchange Act of 1934; (ii) the purchase and sale of the Certificates pursuant to this Certificate Purchase Contract is an arm’s length commercial transaction among Valley Water and the Underwriters, (iii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or fiduciary of Valley Water; (iv) with respect to the offering of the Certificates or the process leading thereto (whether or not any Underwriter or any affiliate of such Underwriter, has advised or is currently advising Valley Water on other matters), such Underwriter has not assumed fiduciary responsibilities in favor of Valley Water or any other obligation to Valley Water except as expressly set forth in this Certificate Purchase Contract; (v) Valley Water has consulted its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Certificates; and (vi) each Underwriter has financial interests that differ from those of Valley Water.

Section 7. Closing Conditions. The Representative has entered into this Certificate Purchase Contract in reliance upon the representations and warranties of Valley Water contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by Valley Water of its obligations hereunder, both as of the date hereof and as of the Closing. The obligations of the Underwriters under this Certificate Purchase Contract to purchase, accept delivery of and to pay for the Certificates shall also be subject to the following additional conditions:

(a) Official Statement. The Underwriters have received copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Representative) in such reasonable quantity as the Representative shall have requested.

(b) Bring-Down Representation. The representations, warranties and covenants of Valley Water contained herein shall be true, complete and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the date of the Closing.

(c) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the Resolution will have been duly adopted and the Official Statement will have been duly authorized, executed and delivered by Valley Water; the Financing Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Representative, (ii) there shall be in full force and effect such resolutions as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the Resolution, the Financing Documents, and the Official Statement, (iii) Valley Water shall perform or have performed its obligations required or specified in this Certificate Purchase Contract and the Resolution to be performed at or prior to Closing, and (iv) the Official Statement shall not have been supplemented or amended, except pursuant to Section 7(e) hereof or as otherwise may have been agreed to in writing by the Representative.

(d) No Default. At the time of the Closing, no default, or any event that with the passage of time would be reasonably likely to result in default, shall have occurred or be existing under the Resolution, or any other agreement or document pursuant to which any of Valley Water’s financial obligations was issued, and Valley Water shall not be in default in the payment of principal or interest with respect to any of its financial obligations which default would materially adversely impact the ability of Valley Water to pay the Installment Payments.

(e) **Termination Events.** The Representative shall have the right to terminate this Certificate Purchase Contract, without liability therefor, by notification to Valley Water upon the occurrence of any of the following events if at any time at or prior to the Closing and, if in the reasonable opinion of the Representative such event has a material and adverse effect on the market price of the Certificates:

(i) any event occurs on or after the date hereof which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained in the Official Statement not misleading in any material respect, notwithstanding the approval by the Representative of any amendment or supplement prior to its distribution.

(ii) an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Certificate Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chair or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of Valley Water, or the interest with respect to bonds or notes or obligations of the general character of the Certificates; or

(iii) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, or any other federal or State agency or the Congress of the United States, or by Executive Order; or

(iv) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered; or

(v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, delivery, offering or sale of obligations of the general character of the Certificates, or the delivery, offering or sale of the Certificates, including all underlying

obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Certificates, or the Certificates, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by the New York Stock Exchange or by any other national securities exchange or by any federal or State governmental authority; or

(vii) a general banking moratorium shall have been established by federal or State authorities; or

(viii) any outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, the occurrence of any other local, national, or international calamity or crisis, or any escalation thereof; or

(ix) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by either of the rating services assigning ratings to the Certificates; or

(x) the commencement of any action, suit or proceeding described in Section 6(i) hereof; or

(xi) there shall be in force a general suspension of trading on the New York Stock Exchange.

(f) Closing Documents. At or prior to the Closing, the Representative shall receive with respect to the Certificates (unless the context otherwise indicates) the following documents:

(i) Resolution and Financing Documents. Certified copies of the Resolution and executed copies of the Financing Documents.

(ii) Corporation Resolution and Corporation Documents. A certified copy of the Corporation Resolution and executed copies of the Corporation Documents (as defined herein).

(iii) Preliminary and Final Official Statements. The Preliminary Official Statement and the Official Statement, with the Official Statement executed by duly authorized officers of Valley Water.

(iv) Continuing Disclosure Agreement. The Continuing Disclosure Agreement executed on behalf of Valley Water and the Dissemination Agent by their respective duly authorized officers.

(v) Opinion of Special Counsel. An approving opinion of Special Counsel dated the date of the Closing and substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Representative and the Trustee, to the effect that the foregoing opinion addressed to Valley

Water may be relied upon by the Underwriters and the Trustee to the same extent as if such opinion were addressed to them.

(vi) *Supplemental Opinion.* A supplemental opinion or opinions of Special Counsel addressed to the Representative, in form and substance acceptable to the Representative, and dated the date of the Closing substantially to the following effect:

(A) Valley Water has duly and validly executed the Certificate Purchase Contract, and the Certificate Purchase Contract constitutes the legal, valid and binding agreement of Valley Water, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State; and

(B) The statements contained in the Official Statement on the cover page and under the captions ["INTRODUCTION," "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT," "TAX MATTERS" and in Appendices B, C, E, and I thereto], insofar as such statements purport to summarize certain provisions of the Certificates, the SCW Master Resolution, the Financing Documents, and the final approving opinion of Special Counsel, are accurate in all material respects; and

(vii) *Opinion of District Counsel.* An opinion of District Counsel, dated the date of the Closing and addressed to the Representative and the Trustee, in form and substance acceptable to Special Counsel and Underwriters' Counsel, substantially to the following effect:

(A) Valley Water is a special district, duly created and lawfully existing under the Constitution and laws of the State of California;

(B) The Resolution has been duly adopted at meetings of the board of directors of Valley Water, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The Certificates, the Financing Documents, and this Certificate Purchase Contract have been duly authorized, executed and delivered by Valley Water and, assuming the validity thereof against the other parties thereto, constitute the valid, legal and binding agreements of Valley Water enforceable against Valley Water in accordance with their respective terms and Valley Water has full right, power and authority to carry out and consummate all transactions contemplated by the Financing Documents as of the date of the Official Statement and as of the Closing Date;

(D) The adoption of the 2022 Resolution and the execution and delivery of the Certificates, the Financing Documents, and this Certificate Purchase Contract and compliance with the provisions thereof and the Resolution, under the circumstances contemplated thereby, do not and will not, conflict with, or constitute, or with the giving of notice or the passage of time would constitute, on the part of Valley Water a breach of or default under, any material agreement or other instrument

to which Valley Water is a party or by which it is bound (as determined by reference to a certificate of Valley Water identifying material agreements and instruments) or any existing law, administrative rule, regulation, order, decree, judgment, license or permit to which Valley Water is subject (excluding, however, any opinion as to compliance with any applicable federal securities laws); or by which Valley Water or any of its property is bound;

(E) The Official Statement has been prepared by, or on behalf of, Valley Water under the supervision of Valley Water's Authorized Officer, and executed on its behalf by authorized officers of Valley Water;

(F) The information in the Official Statement relating to Valley Water, the Safe, Clean Water and Natural Flood Protection Program and the operations thereof and under the caption "LITIGATION" are true and accurate to the best of such counsel's knowledge at and as of the date of the Official Statement and at and as of the date of Closing;

(G) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for Valley Water to adopt the 2022 Resolution or to enter into the Financing Documents or this Certificate Purchase Contract or to perform its obligations thereunder;

(H) Except as described in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to such counsel's best knowledge after due investigation, threatened (A) in any way questioning the corporate existence of Valley Water or the titles of the officers of Valley Water to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the adoption of the Resolution or the execution or delivery of the Certificates, this Certificate Purchase Contract or the Financing Documents or in any way contesting or affecting the validity of the Certificate Purchase Contract, the Resolution, or the Financing Documents or the consummation of the transactions contemplated thereby, or contesting the powers of Valley Water to adopt the Resolution or to enter into this Certificate Purchase Contract or the Financing Documents; (C) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of Valley Water or to its ability to pay the principal of and interest with respect to the Certificates when due; or (D) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, of the nature described in clauses (A) through (D) above; and

(I) Based on the information made available to such counsel, and without having undertaken to determine independently or assume any responsibility

for the accuracy, completeness or fairness of the statements contained in the Official Statement (except as set forth in paragraph (F) above), nothing has come to such counsel's attention which would lead such counsel to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, and the Excluded Information, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) *Opinion as Counsel to the Corporation.* An opinion of Valley Water's District Counsel as Counsel to the Corporation, dated the date of the Closing and addressed to the Underwriters and the Trustee, in form and substance acceptable to Special Counsel, substantially to the following effect:

(A) The Corporation is nonprofit public benefit corporation duly organized and validly existing under the laws of the State;

(B) Resolution No. PFFC-22-__ adopted by the board of directors of the Corporation on October 19, 2022 (the "*Corporation Resolution*") approving and authorizing the execution and delivery of the Trust Agreement, the Certificate Installment Purchase Agreement, and the Assignment Agreement (collectively, the "*Corporation Documents*"), was duly adopted at a meeting of the board of directors of the Corporation called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Corporation Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The execution and delivery of the Corporation Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the Corporation a breach of or default under, any agreement or other instrument to which the Corporation is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Corporation is subject; and

(D) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the Corporation to enter into the Corporation Documents, or to perform its obligations thereunder;

(ix) *Opinion of Counsel to the Underwriters.* An opinion of _____ ("Underwriters' Counsel"), dated the date of Closing and addressed to the Underwriters to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no information has come to the attention of the attorneys rendering legal services in connection with such representation that leads them to believe that, as of the date of Closing, the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the appendices (excluding APPENDIX [H]- "FORM OF CONTINUING DISCLOSURE AGREEMENT FOR

THE CERTIFICATES") or the Excluded Information, as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; that the Certificates are exempt from registration under the Securities Act of 1933, as amended; the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and the Continuing Disclosure Agreement provides a suitable basis for the Underwriters, in connection with the Offering (as defined in Rule 15c2-12) of the Certificates to make a reasonable determination as required by section (b)(5) of such Rule.

(x) *Opinion of Trustee Counsel.* The opinion of counsel to the Trustee, dated the Closing Date, addressed to Valley Water and the Underwriters, to the effect that:

(A) The Trustee is a national banking association duly organized and validly existing and in good standing under the laws of the United States of America and has full power and authority to execute and deliver the Trust Agreement, the Assignment Agreement and the Certificates and to perform its respective obligations thereunder;

(B) The Trustee acknowledges and accepts its obligations under the Trust Agreement and the Assignment Agreement and that such acceptance is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(C) The Continuing Disclosure Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by Valley Water, the Continuing Disclosure Agreement constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(D) The Trustee has duly executed the Certificates upon the order of Valley Water;

(E) The Trustee's actions in performing its obligations under the Trust Agreement and the Assignment Agreement and in executing and delivering the Continuing Disclosure Agreement is in full compliance with, and does not conflict with any applicable law or governmental regulation and, to the best of such counsel's knowledge, after reasonable inquiry with respect thereto, does not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound; and

(F) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution

of the Certificates or the consummation by the Trustee of its obligations under the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Agreement.

(xi) *Resolution of the Trustee.* A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers and employees of the Trustee, which resolution authorizes the execution and delivery of the Assignment Agreement and the Financing Documents to which the Trustee is a party.

(xii) *Certificate of Valley Water.* A certificate of Valley Water, dated the date of the Closing, signed on behalf of Valley Water by an Authorized Officer (as such term is defined in the 2022 Resolution) to the effect that:

(A) The representations, warranties and covenants of Valley Water contained in this Certificate Purchase Contract are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and Valley Water has complied with all of the terms and conditions of this Certificate Purchase Contract required to be complied with by Valley Water at or prior to the date of the Closing;

(B) No event affecting Valley Water has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and

(C) No event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the Resolution or the Financing Documents.

(xiii) *Certificate of the Corporation.* A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by an authorized officer of the Corporation to the effect that:

(A) The Corporation is a nonprofit public benefit corporation, duly formed and organized and existing under the laws of the State, with full right, power and authority to adopt the Corporation Resolution, to execute, deliver and perform its obligations under the Corporation Documents, and to carry out and consummate the transactions contemplated by the Corporation Resolution, the Corporation Documents and described in the Official Statement;

(B) By all necessary official action, the Corporation duly adopted the Corporation Resolution on October 19, 2022 by a majority of the members of the Board of Directors of the Corporation at a meeting duly called, noticed and conducted, and at which a quorum was present and acting throughout, and has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations contained in, the Official Statement and the Corporation Documents and as of the Closing Date, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Corporation Documents will constitute the legally valid and binding obligations of the

Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors' rights, to the application of equitable principles if equitable principles are sought, and to the exercise of judicial discretion in appropriate cases;

(C) The Corporation is not, in any manner that would materially adversely affect the transactions contemplated by the Corporation Resolution and the Corporation Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or event of default under any such instrument which breach or default would materially adversely affect the security of the Certificates or the Corporation's performance under the Corporation Documents; and, except as disclosed in the Official Statement, the authorization, execution and delivery of the Corporation Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Corporation Documents.

(D) Except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened (i) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of the Certificates, the payment of the Installment Payments, in any way contesting or affecting the validity of the Certificates, the Corporation Resolution, or the Corporation Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or contesting the power of the Corporation to adopt the Corporation Resolution, or enter into the Corporation Documents; (iii) which may result in any material adverse change relating to the Corporation or relating to the financial condition of the Corporation;

(E) The Corporation will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other

jurisdictions of the United States as the Underwriters may designate, and to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and will use efforts to continue such qualifications in effect so long as required for distribution for the Certificates; provided, however, that the Corporation shall not be required to execute a general or special consent to service of process or qualify to do business in connection with such qualification in any jurisdiction;

(F) No event affecting the Corporation has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the Corporation Documents;

(G) All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with, the Corporation Resolution or the Corporation Documents of the acquisition of the Project have been duly obtained or made, except as may be required under the Blue Sky laws of any state in connection with the offering of the Certificates; and

(H) Any certificate signed by any official of the Corporation and delivered to the Underwriters shall be deemed to be a representation and warranty of the Corporation to the Underwriters as to the statements made therein.

(xiv) *Certificate of the Trustee.* A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to the Underwriter, to the following effect:

(A) The Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to serve as Trustee under the Trust Agreement and to enter into and perform its duties under the Assignment Agreement and the Continuing Disclosure Agreement;

(B) The Trustee has duly executed and delivered the Trust Agreement, the Assignment Agreement and the Continuing Disclosure Agreement, and assuming due authorization and execution by the other parties thereto, the Trust Agreement, the Assignment Agreement and the Continuing Disclosure Agreement are each legal, valid and binding obligations of the Trustee, and enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) The Trustee has duly executed the Certificates and delivered the Certificates to or upon the order of the Representative; and

(D) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust

powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Certificates or the consummation by the Trustee of its obligations under the Resolution, the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Agreement.

(xv) *Tax Certificate*. A tax certificate executed by Valley Water with respect to the Certificates.

(xvi) *CDIAC Notice and Report*. A copy of the Notice of Proposed Sale and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission (“CDIAC”) pursuant to Section 8855(g) of the California Government Code.

(xvii) *Ratings*. Evidence that the Certificates have been rated “____” (stable outlook) by [Fitch Ratings, Inc.] and “____” (stable outlook) by [Moody’s Investors Service, Inc.]

(xviii) *Additional Documents*. Such additional legal opinions, certificates, instruments and documents as Special Counsel, the Representative, or Underwriters’ Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations and warranties of Valley Water contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by Valley Water and the Trustee on or prior to the Closing Date of all material agreements then to be performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Resolution and the Financing Documents.

If Valley Water shall be unable to satisfy the conditions contained in this Certificate Purchase Contract, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Certificate Purchase Contract, this Certificate Purchase Contract shall terminate and none of the Underwriters or Valley Water shall be under further obligation hereunder, except as further set forth in Section 9 hereof.

Section 8. Establishment of Issue Price of the Certificates.

(a) The Representative, on behalf of the Underwriters, agrees to assist Valley Water in establishing the issue price of the Certificates and shall execute and deliver to Valley Water at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Schedule B to Appendix A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, Valley Water and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates. All actions to be taken by Valley Water under this Section 8 to establish the issue price of the Certificates may be taken on behalf of Valley Water by Public Resources Advisory Group, Inc., the municipal advisor to Valley Water (the “*Municipal Advisor*”), and any notice or report to be provided to Valley Water may be provided to the Municipal Advisor.

(b) [Except as otherwise set forth in Schedule I attached hereto,] Valley Water will treat the first price at which 10% of each maturity of the Certificates (the “10% test”) is sold to the public on the date of this Certificate Purchase Contract as the issue price of that maturity (if different

interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Certificate Purchase Contract, the Representatives shall report to Valley Water the price or prices at which the Underwriters have sold to the public each maturity of Certificates. [If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Representative agrees to promptly report to Valley Water the prices at which the Certificates of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all of the Certificates of that maturity have been sold or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, Valley Water or Special Counsel.] For purposes of this Section 8, if the Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity for the Certificates.

[Schedule I and subsection (c) shall apply only if the Representative agrees to apply the hold-the-offering-price rule, as described below.]

(c) The Representative confirms that the Underwriters have offered the Certificates to the public on or before the date of this Certificate Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Certificate Purchase Contract, the maturities, if any, of the Certificates for which the 10% test has not been satisfied and for which Valley Water and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow Valley Water to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriters will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise Valley Water promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(d) the Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or 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, as applicable:

(A) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all of the Certificates of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of the Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold 2022 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all of the Certificates of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(e) Valley Water acknowledges that, in making the representations set forth in this Section 8, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. Valley Water further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Certificates, including, but not limited to,

its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(f) The Underwriters acknowledge that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section 8:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with Valley Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public);

(iii) a purchaser of any of the Certificates is a “related party” to more than least 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

(iv) “sale date” means _____, 2022.

Section 9. Expenses.

(a) The Underwriters shall be under no obligation to pay and Valley Water shall pay or cause to be paid the expenses incident to the performance of the obligations of Valley Water and the Corporation hereunder including but not limited to (i) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Resolution, the Financing Documents, the Corporation Resolution or the Corporation Documents and the cost of preparing, printing, issuing and delivering the definitive Certificates, (ii) the fees and disbursements of the Municipal Advisor, any counsel, accountants, or other experts or consultants retained by Valley Water, (iii) the fees and disbursements of Special Counsel, (iv) the fees of the Trustee; (v) the cost of, printing and distributing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing and distributing the Official Statement and any supplements and amendments thereto, including the requisite number of copies thereof for distribution by the Underwriters, (vi) charges of rating agencies for the rating of the Certificates; and (vii) expenses (included in the expense component of the Underwriters’ spread) incurred on behalf of Valley Water’s officers or employees

which are incidental to implementing this Certificate Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees.

(b) The Underwriters shall pay all expenses incurred by them in connection with the public offering and distribution of the Certificates including, but not limited to: (i) all advertising expenses in connection with the offering of the Certificates; (ii) the fees and expenses of Underwriters' Counsel, (iii) the costs of preparing and printing the Blue Sky memorandum, and (iv) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Certificates (including other expenses, CUSIP Service Bureau fees, fees of the CDIAC and any other fees and expenses), except as provided in Section 9(a) or as otherwise agreed to in writing by the Representative and Valley Water.

Section 10. Notices. Any notice or other communication to be given to Valley Water under this Certificate Purchase Contract may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Representative or the Underwriters under this Certificate Purchase Contract may be given by delivering the same in writing to the Representative, _____, _____, _____, California _____, Attention: _____.

Section 11. Entire Agreement. This Certificate Purchase Contract, when accepted by Valley Water, shall constitute the entire agreement among Valley Water and the Underwriters and is made solely for the benefit of Valley Water and the Underwriters (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the representations, warranties and agreements of Valley Water contained in this Certificate Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters, until the earlier of (a) delivery of and payment for the Certificates hereunder, and (b) any termination of this Certificate Purchase Contract.

Section 12. Counterparts. This Certificate Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The counterparts of this Certificate Purchase Contract may be executed and delivered by facsimile or other electronic signature (including PDF) by the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. Governing Law; Venue. This Certificate Purchase Contract shall be governed and interpreted exclusively by and construed in accordance with the laws of the State applicable to contracts made and to be performed in the State. Any and all disputes or legal actions or proceedings arising out of this Certificate Purchase Contract or any document related hereto shall be filed and maintained in a court of competent jurisdiction in the County of Santa Clara; provided that Valley

Water may waive the requirement of venue. By execution of and delivery of this Certificate Purchase Contract, the parties hereto accept and consent to the aforesaid jurisdiction.

Section 15. Prior Agreements. The parties agree that the terms and conditions of this Certificate Purchase Contract supersede those of all previous agreements between the parties, and that this Certificate Purchase Contract contains the entire agreement between the parties hereto. In the event of a dispute between the parties under this Certificate Purchase Contract, the losing party in such dispute shall pay all reasonable costs and expenses incurred by the prevailing party in connection therewith, including but not limited to attorneys' fees.

Section 16. Headings. The headings of the Sections of this Certificate Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 17. No Assignment. The rights and obligations created by this Certificate Purchase Contract shall not be subject to assignment by the Representative of Valley Water without the prior written consent of the other party hereto.

[REPRESENTATIVE], on behalf of the
[UNDERWRITERS]

By: _____
Authorized Officer

Agreed to and Accepted by:

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Authorized Officer

SCHEDULE I
SERIES 2022C CERTIFICATES OF PARTICIPATION
MATURITIES, AMOUNTS, RATES, YIELDS AND PRICES

Payment Date (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule

^t Term Bond.

C Priced to par call on ____ 1, 20__.

PREPAYMENT PROVISIONS

Optional Prepayment

The Certificates with Certificate Payment Dates on or after August 1, 20__ are subject to optional prepayment prior to their respective Certificate Payment Dates by Valley Water on any date on or after ____ 1, 20__, upon notice as provided in the Trust Agreement, as a whole or in part by lot in such order of maturity as Valley Water may determine, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to 100% of the principal amount to be prepaid, plus interest, if any, accrued with respect thereto to the date of prepayment, without premium.

Mandatory Sinking Fund Prepayment.

The Certificates with stated maturities on August 1, 20__ are subject to mandatory sinking fund prepayment in part, on each August 1 on and after August 1, 20__, in integral multiples of \$5,000 at a prepayment price of the principal amount thereof plus accrued interest evidenced thereby to the prepayment date, without premium, in accordance with the following schedule:

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

^{*} Final Maturity.

Extraordinary Prepayment from Insurance or Condemnation Proceeds

The Certificates are subject to extraordinary prepayment by Valley Water on any date prior to their respective Certificate Payment Dates, upon notice as provided in the Trust Agreement, as a whole or in part, in such order of prepayment as Valley Water may determine, in integral multiples of Authorized Denominations, from payments made by Valley Water from the Net Proceeds, upon the terms and conditions of, and as provided for in the SCW Master Resolution, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid, plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

APPENDIX A
ISSUE PRICE CERTIFICATE

\$ _____
Santa Clara Valley Water District
Safe Clean Water Program Revenue Certificates of Participation
Series 2022C

[REPRESENTATIVE], on its own behalf and as the representative (the “Representative”) of the underwriters named in the Certificate Purchase Contract dated _____, 2022 relating to the above-referenced securities (collectively with the Representative, the “Underwriters”), based on information available to it, hereby certifies as set forth below with respect to the sale and execution and delivery of the above-captioned obligations (the “Certificates”).

1. ***Sale of the General Rule Maturities Bonds.*** As of the date of this certificate, for each Maturity of the General Rule Maturities of the Certificates, the first price at which at least 10% of such Maturity was sold to the Public is the price listed on the inside cover of the Official Statement published in connection with the execution and delivery of the Certificates.

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

(a) The Underwriters 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. If there is a Hold-the-Offering Price Maturity, a copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.

(b) As set forth in the Certificate Purchase Contract, the Representative has agreed in writing that,

(i) for each Maturity of the Hold-the-Offering-Price Maturities, the syndicate would neither offer nor sell any of the unsold Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any 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.

3. ***Defined Terms.***

“General Rule Maturities” means those Maturities of the Certificates that are not “Hold-the-Offering-Price Maturities.”

“Hold-the-Offering-Price Maturities” means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

“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 Underwriter has sold at least 10% of such Hold-the-Offering-

Price Maturity to the Public at one or more prices, each of which is no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

“*Maturity*” means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

“*Obligor*” means Santa Clara Valley Water District.

“*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

“*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of each maturity of the Certificates is _____, 2022.

“*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Obligor (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this section to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

4. *Arbitrage Yield.*

We have provided the attached schedules to the Obligor with respect to the yield on the Certificates being ____%. We have calculated the yield on the Certificates as the discount rate that, when used in computing the present value of all principal and interest payments to be made under each applicable Maturity of the Certificates from the date of execution and delivery, to Maturity, produces an amount equal to the sum of the price of each Maturity of the Certificates listed in Schedule A of this certificate (the “Issue Price”); provided that the Obligor is assumed to exercise or not exercise an option or combination of options (including an optional redemption provision) in a manner that minimizes yield on the debt instrument and a holder is assumed to exercise or not exercise an option or combination of options in a manner that maximizes yield on a debt instrument. Stradling Yocca Carlson & Rauth, a Professional Corporation, as Special Counsel (“Special Counsel”) has advised that the Issue Price is determined based on the prices of each Maturity of the Certificates listed in Schedule A, as described in paragraphs 1 and 2 above. To the extent that we provided the Obligor and Special Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Certificates, these computations are based on our understanding of directions that we have received from Special Counsel regarding their interpretation of the applicable law. However, notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Special Counsel.

Notwithstanding anything set forth herein, the Representative is not engaged in the practice of law. The representations set forth in this certificate are limited to factual matters only. Accordingly,

the Representative makes no representation as to the legal sufficiency of the factual matters set forth herein. Nothing in this certificate represents the interpretation of the Representative of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Obligor with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Special Counsel in connection with rendering its opinion that the interest with respect to the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: _____, 2022

By: [REPRESENTATIVE]
as Representative, on behalf of the
Underwriters, including itself

By: _____
Authorized Representative

SCHEDULE A to APPENDIX B
INITIAL OFFERING PRICES OF THE CERTIFICATES
(Attached)

SCHEDULE B to APPENDIX B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

ASSIGNMENT AGREEMENT

by and between

SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING
CORPORATION

and

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

Dated as of November 1, 2022

RELATING TO

\$ _____
SANTA CLARA VALLEY WATER DISTRICT
SAFE CLEAN WATER PROGRAM REVENUE CERTIFICATES OF PARTICIPATION
SERIES 2022C

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of November 1, 2022 by and between SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Assignment.

The Corporation, for good and valuable consideration in hand received, does hereby sell, assign and transfer to the Trustee without recourse, for the benefit of the owners of the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation, Series 2022C (the “Certificates”), to be executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of November 1, 2022 (the “Trust Agreement”), by and among the Santa Clara Valley Water District (“Valley Water”), the Corporation and the Trustee, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of November 1, 2022 (the “Installment Purchase Agreement”), by and between Valley Water and the Corporation, including the right to receive all installment payments from Valley Water under the Installment Purchase Agreement (but not including the right to be indemnified or the right to receive notices pursuant to the Installment Purchase Agreement), together with any and all of the other rights of the Corporation under the Installment Purchase Agreement as may be necessary to enforce payment of such installment payments when due or otherwise to protect the interests of the owners of the Certificates.

All rights assigned by the Corporation shall be administered by the Trustee as assignee thereof according to the provisions of the Trust Agreement and for the equal and proportionate benefits of the Owners of the Certificates. This assignment is absolute and presently effective.

SECTION 2. Acceptance.

The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such installment payments from Valley Water under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Trust Agreement, and all such installment payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

SECTION 3. Conditions.

This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. This Assignment Agreement shall constitute a complete assignment by the Corporation of all of its rights and obligations under and pursuant to the Installment Purchase Agreement, except as otherwise provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

SANTA CLARA VALLEY WATER
DISTRICT PUBLIC FACILITIES
FINANCING CORPORATION

By: _____
President

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

By: _____
Authorized Officer

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT dated _____, 2022 (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 execution and delivery of the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation, Series 2022C (the "Certificates"). The Certificates are being executed and delivered pursuant to Resolution No. 22-__ adopted by the Board of Directors of Valley Water on November 8, 2022 (the "Resolution") and a Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the "Corporation") and U.S. Bank Trust Company, National Association, as trustee (the "Trust Agreement"). 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 Certificates 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 Trust Agreement 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 Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificate 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 Certificates dated November __, 2022.

"Participating Underwriter" shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

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

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) Valley Water shall, or shall cause the Dissemination Agent to, not later than each April 1, commencing with the report due on April 1, 2023, 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 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, Safe, Clean Water Program;

(ii) THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM — The SCW Parcel Taxes — Safe, Clean Water and Natural Flood Protection SCW Parcel Tax Rates;

(iii) THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM — The SCW Parcel Taxes — Parcel Tax Billings and Collections; and

(iv) FINANCIAL INFORMATION OF VALLEY WATER — Historical Operating Results;

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 Certificates in a timely manner not more than ten (10) Business Days after the event:

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

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, 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 Certificates, if material:

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

2. modifications to the rights of Certificate holders;

3. optional, unscheduled or contingent Certificate redemptions;

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

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving 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 Certificate 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 Certificates. If such termination occurs prior to the final maturity of the Certificates, 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 Certificates 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 Certificates 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 Certificates. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, the Installment Purchase Agreement, dated as of November 1, 2022, by and between Valley Water and the Corporation and relating to the Certificates 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 Certificates. 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 Certificates, and shall create no rights in any other person or entity.

Date: December __, 2022

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 SAFE
CLEAN WATER PROGRAM REVENUE CERTIFICATES
OF PARTICIPATION, SERIES 2022C

Date of Execution and Delivery:

December __, 2022

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