

INDENTURE OF TRUST

Dated as of November 1, 2022

By and between

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

and the

SANTA CLARA VALLEY WATER DISTRICT

Relating to

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

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

| | | |
|---------------|---|----|
| Section 1.01. | Definitions | 3 |
| Section 1.02. | Content of Certificates and Opinions..... | 11 |
| Section 1.03. | Interpretation..... | 11 |

ARTICLE II

THE 2022 BONDS

| | | |
|---------------|--|----|
| Section 2.01. | Authorization of 2022 Bonds..... | 12 |
| Section 2.02. | Terms of the 2022 Bonds..... | 12 |
| Section 2.03. | Transfer of 2022 Bonds | 13 |
| Section 2.04. | Exchange of 2022 Bonds | 13 |
| Section 2.05. | Registration Books..... | 13 |
| Section 2.06. | Form and Execution of 2022 Bonds | 13 |
| Section 2.07. | 2022 Bonds Mutilated, Lost, Destroyed or Stolen..... | 14 |
| Section 2.08. | Book Entry System | 14 |

ARTICLE III

ISSUANCE OF 2022 BONDS; APPLICATION OF PROCEEDS

| | | |
|---------------|---|----|
| Section 3.01. | Issuance of the 2022 Bonds | 17 |
| Section 3.02. | Application of Proceeds of the 2022 Bonds and Certain Other Moneys..... | 17 |
| Section 3.03. | Establishment and Application of Costs of Issuance Fund..... | 17 |
| Section 3.04. | Validity of 2022 Bonds..... | 18 |

ARTICLE IV

REDEMPTION OF 2022 BONDS

| | | |
|---------------|---|----|
| Section 4.01. | Terms of Redemption | 18 |
| Section 4.02. | Selection of 2022 Bonds for Redemption..... | 19 |
| Section 4.03. | Notice of Redemption..... | 19 |
| Section 4.04. | Partial Redemption of 2022 Bonds | 20 |
| Section 4.05. | Effect of Redemption..... | 20 |

ARTICLE V

SCW REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

| | | |
|---------------|---|----|
| Section 5.01. | Pledge and Assignment; Revenue Fund | 20 |
| Section 5.02. | Application of Payment Fund | 20 |
| Section 5.03. | Application of Interest Account..... | 21 |

TABLE OF CONTENTS
(continued)

| | <u>Page</u> |
|---------------|--|
| Section 5.04. | Application of Principal Account 21 |
| Section 5.05. | Application of Redemption Fund 21 |
| Section 5.06. | Investments 22 |
| Section 5.07. | Rebate Fund 23 |
| Section 5.08. | Application of Funds and Accounts When No 2022 Bonds are Outstanding..... 24 |

ARTICLE VI

PARTICULAR COVENANTS

| | |
|---------------|---|
| Section 6.01. | Compliance with Indenture and SCW Master Resolution..... 24 |
| Section 6.02. | Continuing Disclosure 24 |
| Section 6.03. | Punctual Payment 25 |
| Section 6.04. | Extension of Payment of 2022 Bonds 25 |
| Section 6.05. | Power to Issue 2022 Bonds and Make Pledge and Assignment 25 |
| Section 6.06. | Tax Covenants 25 |
| Section 6.07. | Waiver of Laws..... 26 |
| Section 6.08. | Further Assurances 26 |
| Section 6.09. | Prosecution and Defense of Suits 26 |

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2022 BOND OWNERS

| | |
|---------------|--|
| Section 7.01. | Events of Default 27 |
| Section 7.02. | Remedies Upon Event of Default 27 |
| Section 7.03. | Application of SCW Revenues and Other Funds After Default 28 |
| Section 7.04. | Trustee to Represent 2022 Bond Owners 28 |
| Section 7.05. | 2022 Bond Owners' Direction of Proceedings 29 |
| Section 7.06. | Suit by Owners 29 |
| Section 7.07. | Absolute Obligation of Valley Water 29 |
| Section 7.08. | Remedies Not Exclusive..... 29 |
| Section 7.09. | No Waiver of Default 30 |

ARTICLE VIII

THE TRUSTEE

| | |
|---------------|--|
| Section 8.01. | Duties, Immunities and Liabilities of Trustee 30 |
| Section 8.02. | Merger or Consolidation..... 31 |
| Section 8.03. | Liability of Trustee 31 |
| Section 8.04. | Right to Rely on Documents..... 33 |
| Section 8.05. | Preservation and Inspection of Documents 34 |
| Section 8.06. | Compensation and Indemnification 34 |

TABLE OF CONTENTS
(continued)

Page

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE; SCW MASTER RESOLUTION

| | | |
|---------------|--|----|
| Section 9.01. | Amendments to Indenture Permitted | 34 |
| Section 9.02. | Effect of Supplemental Indenture | 36 |
| Section 9.03. | Endorsement of 2022 Bonds; Preparation of New 2022 Bonds | 36 |
| Section 9.04. | Amendment of Particular 2022 Bonds | 36 |

ARTICLE X

DEFEASANCE

| | | |
|----------------|--|----|
| Section 10.01. | Discharge of Indenture | 36 |
| Section 10.02. | Discharge of Liability on 2022 Bonds | 37 |
| Section 10.03. | Deposit of Money or Securities with Trustee | 37 |
| Section 10.04. | Payment of 2022 Bonds After Discharge of Indenture | 38 |

ARTICLE XI

MISCELLANEOUS

| | | |
|----------------|---|----|
| Section 11.01. | Liability Limited | 38 |
| Section 11.02. | Successor Is Deemed Included in All References to Predecessor | 39 |
| Section 11.03. | Limitation of Rights to Parties and 2022 Bond Owners | 39 |
| Section 11.04. | Waiver of Notice; Requirement of Mailed Notice | 39 |
| Section 11.05. | Destruction of 2022 Bonds | 39 |
| Section 11.06. | Severability of Invalid Provisions | 39 |
| Section 11.07. | Notices | 39 |
| Section 11.08. | Evidence of Rights of 2022 Bond Owners | 40 |
| Section 11.09. | Disqualified 2022 Bonds | 40 |
| Section 11.10. | Money Held for Particular 2022 Bonds | 40 |
| Section 11.11. | Funds and Accounts | 41 |
| Section 11.12. | Waiver of Personal Liability | 41 |
| Section 11.13. | Execution in Several Counterparts | 41 |
| Section 11.14. | CUSIP Numbers | 41 |
| Section 11.15. | Choice of Law | 41 |

| | | |
|------------|-------|-----|
| Signatures | | S-1 |
|------------|-------|-----|

| | | |
|-----------|-------------------------|-----|
| Exhibit A | Form of 2022 Bond | A-1 |
|-----------|-------------------------|-----|

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into and dated as of November 1, 2022 (the “Indenture”), by and between SANTA CLARA VALLEY WATER DISTRICT, an agency duly organized and existing under and by virtue of the laws of the State of California (“Valley Water”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, duly organized and existing under the laws of the United States of America, as trustee hereunder (the “Trustee”);

WITNESSETH:

WHEREAS, 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 has previously financed, on an interim basis, the acquisition and/or construction of 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; and

WHEREAS, Valley Water has determined to pay, prepay and/or defease such interim financing (as described under the definition of Tax-Exempt Commercial Paper, the “Refunded Obligations”), and

WHEREAS, Valley Water is authorized under the Santa Clara Valley Water District Act, Chapter 1405 of Statutes of 1951 of the State of California, as amended, and by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including all laws amendatory thereof or supplemental thereto, to refinance the Refunded Obligations with proceeds of the 2022 Bonds (as defined below); and

WHEREAS, in order to provide for the authentication and delivery of refunding revenue bonds (the “2022 Bonds”), to establish and declare the terms and conditions upon which such 2022 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, Valley Water has authorized the execution and delivery of this Indenture; and

WHEREAS, Valley Water has determined that all acts and proceedings required by law necessary to make the 2022 Bonds, when executed by Valley Water, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of Valley Water, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH:

GRANTING CLAUSES

Valley Water, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of

the 2022 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all 2022 Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the "Trust Estate") to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of Valley Water to the 2022 Bond Owners hereinafter set forth:

GRANTING CLAUSE FIRST

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

GRANTING CLAUSE SECOND

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

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

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the 2022 Bonds issued under and secured by this Indenture and the SCW Master Resolution without privilege, priority or distinction as to the lien or otherwise of any of the 2022 Bonds over any of the other 2022 Bonds;

PROVIDED, HOWEVER, that if Valley Water, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the 2022 Bonds due or to become due thereon, at the times and in the manner provided in the 2022 Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall remain in full force and effect.

THE INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2022 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the SCW Revenues, hereby assigned and pledged under the SCW Master Resolution, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and Valley Water has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2022 Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

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

Authorized Representative. The term “Authorized Representative” means the Chief Executive Officer/General Manager of Valley Water, any acting or interim Chief Executive Officer/General Manager or, if there is no officer such designated as the Chief Executive Officer/General Manager, 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.

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

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

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

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

Closing Date. The term “Closing Date” means the date on which the 2022 Bonds are delivered to the original purchaser thereof.

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

Continuing Disclosure Agreement. The term “Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Closing Date, by and between Valley Water and U.S. Bank Trust Company, National Association, as dissemination agent, relating to the 2022 Bonds, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

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

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to Valley Water and related to the authorization, issuance, sale and delivery of the 2022 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2022 Bonds and any other cost, charge or fee in connection with the original issuance of the 2022 Bonds.

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

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

Depository; DTC. The term “Depository” or “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as Securities Depository for the 2022 Bonds.

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

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

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

Indenture. The term “Indenture” means this Indenture of Trust, dated as of November 1, 2022, by and between Valley Water and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

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

Independent Financial Consultant. The term “Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by Valley Water, and who, or each of whom:

- (1) is in fact independent and not under domination of Valley Water;
- (2) does not have any substantial interest, direct or indirect, with Valley Water; and
- (3) is not connected with Valley Water as an officer or employee of Valley Water, but who may be regularly retained to make reports to Valley Water.

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

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

Interest Payment Date. The term “Interest Payment Date” means each February 1 and August 1, commencing [February 1, 2023].

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

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

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

Law. The term “Law” means the Santa Clara Valley Water District Act, Chapter 1405 of Statutes of 1951 of the State of California, as amended and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including all laws amendatory thereof or supplemental thereto.

Letter of Representations. The term “Letter of Representations” means the letter of Valley Water delivered to and accepted by the Depository on or prior to delivery of the 2022 Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry

bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from Valley Water delivered to and accepted by the Depository.

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

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

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

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

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

Office of the Trustee. The term “Office of the Trustee” means the principal corporate trust office of the Trustee in San Francisco, California, provided that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of 2022 Bonds, such term means the principal corporate trust office of the Trustee in St. Paul, Minnesota, or such other office as the Trustee may from time to time designate in writing to Valley Water and the Owners.

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

Outstanding. The term “Outstanding,” when used as of any particular time with reference to 2022 Bonds, means (subject to the provisions of Section 11.09) all 2022 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (i) 2022 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2022 Bonds with respect to which all liability of Valley Water shall have been discharged in accordance with Section 10.02, including 2022 Bonds (or portions thereof) described in Section 11.09; and (iii) 2022 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2022 Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner; 2022 Bond Owner. The term “Owner” or “2022 Bond Owner,” whenever used herein with respect to a 2022 Bond, means the person in whose name the ownership of such 2022 Bond is registered on the Registration Books.

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

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

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

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

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

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

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

- (c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank; Rural Economic Community Development Administration; Federal Farm Credit Bureau; U.S. Maritime Administration; Small Business Administration; U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration and Federal Financing Bank;
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies;
- (e) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s, “A-1” by S&P and “F1” by Fitch and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

- (f) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s, “A-1” by S&P or “F1” by Fitch and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund 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 provide in the definition of “Value.”

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

Rating. The term “Rating” means any currently effective rating on the 2022 Bonds issued by a Rating Agency.

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

Rebate Fund. The term “Rebate Fund” means the fund by that name established for the 2022 Bonds pursuant to Section 5.07.

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

Redemption Date. The term “Redemption Date” means the date fixed for redemption prior to maturity of the 2022 Bonds.

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

Redemption Price. The term “Redemption Price” means, with respect to any 2022 Bond (or portion thereof), the principal amount of such 2022 Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2022 Bond and this Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2022 Bonds pursuant to Section 2.05.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or

assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Indenture.

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

SCW Master Resolution. The term “SCW Master Resolution” means the SCW Master Resolution, Resolution No. 21-34 adopted by the Board of Directors of Valley Water on May 11, 2021, as such resolution may be further supplemented and amended from time-to-time.

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

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

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

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2022 Bonds, executed and delivered by Valley Water on the date of issuance of the 2022 Bonds, including any and all exhibits attached thereto.

Tax-Exempt Commercial Paper Certificates. The term “Tax-Exempt Commercial Paper Certificates” means the portion of the outstanding Santa Clara Valley Water District Commercial Paper Certificates, Series A (Tax-Exempt), Revolving Certificates, Series C (Tax-Exempt) (Non-Syndicated) and Revolving Certificates, Series C (Tax-Exempt) (Syndicated) allocable to the SCW Program and in each case executed and delivered pursuant to Resolution No. PFFC-12-001 of the Corporation, adopted May 10, 2012, as amended by Resolution No. 16-005 of the Corporation, adopted November 10, 2016, as such resolution may be further amended from time-to-time, and the Issuing and Paying Agent Agreement.

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

2022 Bonds. The term “2022 Bonds” means the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2022A issued pursuant to the SCW Master Resolution and this Indenture.

Valley Water. The term “Valley Water” means Santa Clara Valley Water District, an agency duly organized and existing under and by virtue of the laws of the State of California, including the Law.

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

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

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

Section 1.03. Interpretation.

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

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

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

ARTICLE II

THE 2022 BONDS

Section 2.01. Authorization of 2022 Bonds. Valley Water hereby authorizes the issuance hereunder from time to time of the 2022 Bonds, which shall constitute special obligations of Valley Water, for the purpose of (i) paying, prepaying and/or defeasing the Tax-Exempt Commercial Paper Certificates and (ii) paying the Costs of Issuance. The 2022 Bonds are hereby designated the “Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2022A” in the aggregate principal amount of \$_____. The Indenture constitutes a continuing agreement with the Owners from time to time of the 2022 Bonds to secure the full payment of the principal of and interest and premium (if any) on all the 2022 Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2022 Bonds. The 2022 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

(a) The 2022 Bonds shall mature on August 1 in each of the years and in the amounts set forth below and shall bear interest at the rates set forth below:

| <i>Maturity Date</i> | <i>Principal Amount</i> | <i>Interest Rate</i> |
|-----------------------------|--------------------------------|-----------------------------|
| <i>(August 1)</i> | | |
| * | \$ | % |
| * | | |

* Term Bond.

(b) Interest on the 2022 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any 2022 Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2022 Bonds shall be payable in lawful money of the United States of America.

Each 2022 Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before [January 15, 2023] in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any 2022 Bond, interest thereon is in default, such 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2022 Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2022 Bonds. Any 2022 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2022 Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any 2022 Bond during the period in which the Trustee is selecting 2022 Bonds for redemption and any 2022 Bond that has been selected for redemption.

Whenever any 2022 Bond or 2022 Bonds shall be surrendered for transfer, Valley Water shall execute and the Trustee shall authenticate and shall deliver a new 2022 Bond or 2022 Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the 2022 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2022 Bonds, the Trustee will cancel and destroy the 2022 Bonds it has received.

Section 2.04. Exchange of 2022 Bonds. 2022 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any 2022 Bond during the period in which the Trustee is selecting 2022 Bonds for redemption and any 2022 Bond that has been selected for redemption. The Trustee shall require the 2022 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2022 Bonds, the Trustee will cancel and destroy the 2022 Bonds it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2022 Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by Valley Water and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2022 Bonds as hereinbefore provided.

The person in whose name any 2022 Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of by such 2022 Bonds shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such 2022 Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of 2022 Bonds. The 2022 Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2022 Bonds shall be executed in the name and on behalf of Valley Water with the manual or facsimile signature of its Chair of the Board of Directors. The 2022 Bonds may carry a seal, and such seal may be in the form of a facsimile of Valley Water's seal and may be reproduced, imprinted or impressed on the 2022 Bonds. The 2022 Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed any of the 2022 Bonds shall cease to be such officer or officers of Valley Water before the 2022 Bonds so signed shall have been authenticated or delivered by the Trustee, or issued by Valley Water, such 2022 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon Valley Water as though those

who signed the same had continued to be such officers of Valley Water, and also any 2022 Bonds may be signed on behalf of Valley Water by such persons as at the actual date of execution of such 2022 Bonds shall be the proper officers of Valley Water although at the nominal date of such 2022 Bonds any such person shall not have been such officer of Valley Water.

Only such of the 2022 Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the 2022 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. 2022 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2022 Bond shall become mutilated, Valley Water, at the expense of the Owner of said 2022 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2022 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2022 Bonds so mutilated, but only upon surrender to the Trustee of the 2022 Bond so mutilated. Every mutilated 2022 Bond so surrendered to the Trustee shall be canceled by it. If any 2022 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, Valley Water, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2022 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2022 Bond so lost, destroyed or stolen (or if any such 2022 Bond shall have matured or shall be about to mature, instead of issuing a substitute 2022 Bond, the Trustee may pay the same without surrender thereof). Valley Water may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2022 Bond issued under this Section and of the expenses which may be incurred by Valley Water and the Trustee in connection therewith. Any 2022 Bond issued under the provisions of this Section in lieu of any 2022 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of Valley Water whether or not the 2022 Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other 2022 Bonds secured by this Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2022 Bond for a 2022 Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such 2022 Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 2022 Bonds, Valley Water may provide that such 2022 Bonds shall be initially issued as book entry 2022 Bonds. If Valley Water shall elect to deliver any 2022 Bonds in book entry form, then Valley Water shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2022 Bonds in an authorized denomination corresponding to that total principal amount of the 2022 Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2022 Bond shall be registered in the 2022 Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2022 Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book entry 2022 Bonds, Valley Water and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry 2022 Bonds. Without limiting the immediately preceding sentence, Valley Water and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry 2022 Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2022 Bond Registration Books, of any notice with respect to book entry 2022 Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2022 Bonds to be redeemed in the event Valley Water redeems the 2022 Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry 2022 Bonds. Valley Water and the Trustee may treat and consider the person in whose name each book entry 2022 Bond is registered in the 2022 Bond Registration Books as the absolute Owner of such book entry 2022 Bond for the purpose of payment of principal of, premium and interest on such 2022 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2022 Bond, for the purpose of registering transfers with respect to such 2022 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the 2022 Bonds only to or upon the order of the respective Owner, as shown in the 2022 Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge Valley Water's obligations with respect to payment of principal of, premium, if any, and interest on the 2022 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2022 Bond Registration Books, shall receive a 2022 Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2022 Bonds. Upon delivery by the Depository to Valley Water and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2022 Bonds for the Depository's book entry system, Valley Water shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon Valley Water or the Trustee any obligation whatsoever with respect to persons having interests in such book entry 2022 Bonds other than the Owners, as shown on the 2022 Bond Registration Books. By executing a Letter of Representations, Valley Water shall agree to take all action necessary at all times so that Valley Water will be in compliance with all representations of Valley Water in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, Valley Water and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify book entry 2022 Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as Securities Depository for book entry 2022 Bonds; or (ii) Valley Water determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2022 Bonds or Valley Water, then Valley Water will discontinue the book entry system with the Depository. If Valley Water determines to replace the Depository with another qualified Securities Depository, Valley Water shall prepare or direct the preparation of a new single, separate, fully registered 2022 Bond for each of the maturity dates of such book entry 2022 Bonds, registered in the name of such successor or substitute qualified Securities Depository or its Nominee as provided in subsection (e) hereof. If Valley Water fails to identify another qualified Securities

Depository to replace the Depository, then the 2022 Bonds shall no longer be restricted to being registered in such 2022 Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2022 Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of this Indenture to the contrary, so long as all Outstanding 2022 Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2022 Bond and all notices with respect to such 2022 Bond shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of 2022 Bonds to Substitute Depository.

(i) The 2022 Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such 2022 Bonds, or any portions thereof, may not thereafter be transferred except:

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

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

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

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2022 Bonds by the Trustee, together with a Written Request of Valley Water to the Trustee designating the Substitute Depository, a single new 2022 Bond, which Valley Water shall prepare or cause to be prepared, shall be issued for each maturity of 2022 Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such Written Request of Valley Water. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2022 Bonds by the Trustee, together with a Written Request of Valley Water to the Trustee, new 2022 Bonds, which Valley Water shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such Written Request of Valley Water, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new 2022 Bonds within a period of less than sixty (60) days from the date of receipt of such Written Request of Valley Water.

(iii) In the case of a partial redemption or an advance refunding of any 2022 Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such 2022 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such 2022 Bonds shall be controlling.

(iv) Valley Water and the Trustee shall be entitled to treat the person in whose name any 2022 Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or Valley Water; and Valley Water and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2022 Bonds. Neither Valley Water nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2022 Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2022 Bonds.

ARTICLE III

ISSUANCE OF 2022 BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2022 Bonds. At any time after the execution of this Indenture, Valley Water may execute and the Trustee shall authenticate and, upon Written Request of Valley Water, deliver the Series 2022 Bonds in the aggregate principal amounts set forth in Section 2.01 hereof.

Section 3.02. Application of Proceeds of the 2022 Bonds and Certain Other Moneys. The proceeds received from the sale of the 2022 Bonds shall be deposited with the Trustee, who shall: (a) 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), (b) 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), (c) 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), and (d) deposit \$_____ in the Costs of Issuance Fund. The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits and transfer.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of Valley Water stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the issuance of the 2022 Bonds, or upon the earlier Written Request of Valley Water, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Account and the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in the Cost of

Issuance Fund until the Costs of Issuance Fund is closed and thereafter shall be transferred by the Trustee to the Interest Account.

Section 3.04. Validity of 2022 Bonds. The validity of the authorization and issuance of the 2022 Bonds is not dependent on and shall not be affected in any way by any proceedings taken by Valley Water or the Trustee with respect to any other agreement. The recital contained in the 2022 Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in connection with their issuance.

ARTICLE IV

REDEMPTION OF 2022 BONDS

Section 4.01. Terms of Redemption.

(a) The 2022 Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and, with respect to the 2022 Bonds, within maturities as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the SCW Master Resolution, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(b) The 2022 Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after August 1, 203_ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(c) The 2022 Bonds with stated maturities on August 1, 20__ and August 1, 20__ are subject to mandatory sinking fund redemption in part (by lot), on each August 1 on and after August 1, 20__ and August 1, 20__, respectively, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest evidenced thereby to the Redemption Date, without premium, in accordance with the following schedules:

| <i>Redemption Date</i> <i>(August 1)</i> | <i>Principal</i> <i>Amount</i> |
|---|-----------------------------------|
| | \$ |

*

* Final Maturity.

***Redemption Date
(August 1)***

***Principal
Amount***

\$

*

* Final Maturity.

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

Section 4.02. Selection of 2022 Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the 2022 Bonds, in accordance with Sections 4.01(a) and (b), the Trustee shall select such 2022 Bonds for redemption as a whole or in part on any date as directed by Valley Water and by lot within each maturity in integral multiples of \$5,000 in accordance with Sections 4.01(a) or (b) hereof, as applicable. The Trustee will promptly notify Valley Water in writing of the numbers of such 2022 Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be given at least twenty (20) days but not more than sixty (60) days before any Redemption Date, to the respective Owners of any 2022 Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided, however, that so long as a book-entry system is used for the 2022 Bonds, the Trustee will send notice of redemption only to the Securities Depositories and Information Services. Notice of redemption to the Securities Depositories shall be given by the method required by such Securities Depositories. Each notice of redemption shall state the date of notice, the Redemption Date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2022 Bonds of any such maturity are to be redeemed, the serial numbers of the 2022 Bonds of such maturity to be redeemed by giving the individual number of each 2022 Bond or by stating that all 2022 Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2022 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the Redemption Date there will become due and payable on each of said 2022 Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2022 Bond to be redeemed in part only, together with interest accrued thereon to the Redemption Date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such Redemption Date interest thereon shall cease to accrue, and shall require that such 2022 Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2022 Bond. Notice of redemption of 2022 Bonds shall be given by the Trustee at the expense of Valley Water.

With respect to any notice of optional redemption of 2022 Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of, premium, if any, and interest on such 2022 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2022 Bonds. In the event that

such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04. Partial Redemption of 2022 Bonds. Upon surrender of any 2022 Bond redeemed in part only, Valley Water shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of Valley Water, a new 2022 Bond or 2022 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2022 Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the Redemption Date on, the 2022 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2022 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2022 Bonds so called for redemption shall cease to accrue, said 2022 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2022 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee shall, upon surrender for payment of any of the 2022 Bonds to be redeemed on their Redemption Dates, pay such 2022 Bonds at the Redemption Price.

All 2022 Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

ARTICLE V

SCW REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) The 2022 Bonds are intended to be “Bonds” under the SCW Master Resolution and shall be secured by the pledge and liens created in the SCW Master Resolution on a parity with the Bonds and Contracts secured thereby.

(b) In order to carry out and effectuate the pledge and lien contained in the SCW Master Resolution for the 2022 Bonds, not later than three (3) Business Days prior to each Interest Payment Date, Valley Water shall transfer SCW Revenues from the SCW Revenue Fund held by Valley Water under the SCW Master Resolution to the Trustee the amount, if any, necessary for the payments of interest and principal on the 2022 Bonds due and payable on such Interest Payment Date.

Section 5.02. Application of Payment Fund. There is hereby established with the Trustee the Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any principal of and interest on the 2022 Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the 2022 Bonds transferred by Valley Water from the SCW Revenue Fund to the Payment Fund pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall

be promptly deposited therein. All payments of interest and principal on the 2022 Bonds deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. The Trustee shall also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee shall transfer from the Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of SCW Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each Interest Payment Date, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all 2022 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there shall be in such fund moneys sufficient to pay the interest becoming due and payable on such Interest Payment Date on all 2022 Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2022 Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2022 Bonds coming due and payable on such date. No deposit need be made into the Principal Account so long as there shall be in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2022 Bonds then Outstanding.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2022 Bonds as it shall become due and payable (including accrued interest on any 2022 Bonds purchased or accelerated prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2022 Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2022 Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of Valley Water, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2022 Bonds.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2022 Bonds to be redeemed on any Redemption Date pursuant to Section 4.01; provided, however, that at any time prior to selection for redemption of any such 2022 Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant

to a Written Request of Valley Water, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2022 Bonds.

Section 5.06. Investments. All moneys in any of the funds or accounts established with Valley Water or the Trustee pursuant to this Indenture shall be invested by Valley Water or the Trustee, as the case may be, solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Any investments by the Trustee shall be directed by Valley Water pursuant to a Written Request of Valley Water filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). In the absence of any such directions from Valley Water, the Trustee shall invest any such moneys in Permitted Investments described in clause (g) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of Valley Water specifying a specific money market fund and, if no such Written Request of Valley Water is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

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

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

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

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

For investment purposes, the Trustee may commingle the funds and accounts established hereunder (other than the Rebate Fund), but shall account for each separately. In making any valuations of investments hereunder, the Trustee may utilize and rely on computerized securities

pricing services that may be available to the Trustee, including those available through the Trustee accounting system.

Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish for the 2022 Bonds a fund designated the “Rebate Fund.” Except as may otherwise be approved by an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2022 Bonds will not be adversely affected, Valley Water shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2022 Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that Valley Water delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2022 Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions hereof and thereof if it follows all Written Requests of Valley Water; and (ii) shall have no liability or responsibility to enforce compliance by Valley Water with the terms of this Section and the Tax Certificate; and (iii) may rely conclusively on Valley Water’s calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review Valley Water’s calculations or determinations thereunder.

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

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

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

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

(B) Not later than 60 days after the payment of all the 2022 Bonds, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

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

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2022 Bonds and the payments described in clause (iii) of subsection (a) above being made may be withdrawn by Valley Water and utilized in any manner by Valley Water.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the 2022 Bonds.

Section 5.08. Application of Funds and Accounts When No 2022 Bonds are Outstanding. On the date on which all 2022 Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to this Indenture shall be withdrawn by the Trustee and paid to Valley Water for use by Valley Water at any time for any purpose permitted by law.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Compliance with Indenture and SCW Master Resolution. The Trustee will not authenticate or deliver any 2022 Bond in any manner other than in accordance with the provisions of this Indenture and the SCW Master Resolution, and Valley Water will not suffer or permit any default by it to occur under this Indenture or the SCW Master Resolution, but will faithfully observe and perform all the covenants, conditions and requirements hereof and thereof.

Section 6.02. Continuing Disclosure. Valley Water hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of Valley Water to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking

mandate or specific performance by court order, to cause Valley Water to comply with its obligations under this Section, all in accordance with the terms and limitations set forth in the Continuing Disclosure Agreement. For purposes of this Section, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2022 Bond (including persons holding 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2022 Bond for federal income tax purposes.

Section 6.03. Punctual Payment. Valley Water shall pay and cause the Trustee to pay the principal and interest to become due in respect of all of the 2022 Bonds, in strict conformity with the terms of the 2022 Bonds and of this Indenture, according to the true intent and meaning thereof, but only as provided in this Indenture and in the SCW Master Resolution.

Section 6.04. Extension of Payment of 2022 Bonds. Valley Water shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2022 Bonds or the time of payment of any claims for interest by the purchase of such 2022 Bonds or by any other arrangement, and in case the maturity of any of the 2022 Bonds or the time of payment of any such claims for interest shall be extended, such 2022 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the 2022 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended.

Section 6.05. Power to Issue 2022 Bonds and Make Pledge and Assignment. Valley Water is duly authorized pursuant to law to issue the 2022 Bonds, to enter into this Indenture and to pledge and assign the SCW Revenues and other assets purported to be pledged and assigned under the SCW Master Resolution and this Indenture in the manner and to the extent provided in the SCW Master Resolution and this Indenture. The 2022 Bonds and the provisions of the SCW Master Resolution and this Indenture are and will be the legal, valid and binding special obligations of Valley Water in accordance with their terms, and Valley Water and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of SCW Revenues and other assets and all the rights of the 2022 Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.06. Tax Covenants. Notwithstanding any other provision of this Indenture, and except as may otherwise be approved by an opinion of Bond Counsel that the exclusion from gross income of interest on the 2022 Bonds will not be adversely affected for federal income tax purposes, Valley Water covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2022 Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. Valley Water will take no action or refrain from taking any action or make any use of the proceeds of the 2022 Bonds or of any other moneys or property which would cause the 2022 Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. Valley Water will make no use of the proceeds of the 2022 Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2022 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. Valley Water will make no use of the proceeds of the 2022 Bonds or take or omit to take any action that would cause the 2022 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. Valley Water will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2022 Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. Valley Water will make no use of the proceeds of the 2022 Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2022 Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless Valley Water takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Series 2022 Bonds for federal income tax purposes; and

(f) Miscellaneous. Valley Water will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by Valley Water in connection with the issuance of the 2022 Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.07. Waiver of Laws. Valley Water shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the 2022 Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by Valley Water to the extent permitted by law.

Section 6.08. Further Assurances. Valley Water will adopt, make, execute and deliver any and all such further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the 2022 Bonds of the rights and benefits provided in this Indenture.

Section 6.09. Prosecution and Defense of Suits. Valley Water shall promptly, upon request of the Trustee or any 2022 Bond Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the capital improvements refinanced with the proceeds of the 2022 Bonds or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee (including all of its employees, officers and directors) and every 2022 Bond Owner harmless from all loss, cost, damage and expense, including attorneys’ fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Valley Water shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or any 2022 Bond Owner upon any claim by a 2022 Bond Owner or a third party arising out of the receipt, application or disbursement of any of the payments of principal of or interest on the 2022 Bonds or involving the rights of the Trustee or any 2022 Bond Owner under this Indenture; provided that the Trustee or any 2022 Bond Owner at such party’s election may appear in and defend any such suit, action or

proceeding. Valley Water shall indemnify and hold harmless the Trustee and the 2022 Bond Owners against any and all liability claimed or asserted by any such person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the 2022 Bond Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership of 2022 Bonds. Valley Water shall promptly reimburse any 2022 Bond Owner in the full amount of any attorneys' fees or other expenses which such Owner may incur in litigation or otherwise in order to enforce such party's rights under this Indenture or the 2022 Bonds, provided that such litigation shall be concluded favorably to such party's contentions therein.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2022 BOND OWNERS

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

- (a) default by Valley Water in the due and punctual payment of the principal of or interest on any 2022 Bonds when and as the same shall become due and payable;
- (b) default by Valley Water in the observance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of thirty (30) days after Valley Water shall have been given notice in writing of such default or, if such default is not reasonably susceptible to cure within thirty (30) days after notice thereof, such default shall have continued for a period of sixty (60) days;
- (c) Valley Water shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of Valley Water seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of Valley Water or of the whole or any substantial part of its property; or
- (d) declaration of an "event of default" under any Contract or Bond as provided by the terms of such Contract or Bond.

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

- (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 Owners; or

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

Section 7.03. 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 (other than amounts held in the Rebate Fund) shall be applied in the following order:

(i) to the payment, without preference or priority, and in the event of any insufficiency ratably without any discrimination or preference, of the fees, costs and expenses, if any of the Trustee, 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 unpaid 2022 Bonds and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the 2022 Bonds 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 7.04. Trustee to Represent 2022 Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2022 Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2022 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2022 Bonds or this Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2022 Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2022 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2022 Bonds or this Indenture or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the SCW Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the 2022 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2022 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2022 Bonds, subject to the provisions of this Indenture.

Section 7.05. 2022 Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2022 Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2022 Bond Owners not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any 2022 Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture with respect to such 2022 Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the 2022 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2022 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2022 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2022 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of 2022 Bonds, or to enforce any right under the 2022 Bonds, this Indenture, or applicable law with respect to the 2022 Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2022 Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Valley Water. Nothing in this Section 7.07 or in any other provision of this Indenture or in the 2022 Bonds shall affect or impair the obligation of Valley Water, which is absolute and unconditional, to pay the principal of and interest on the 2022 Bonds to the respective Owners of the 2022 Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the SCW Revenues and other assets pledged and assigned herein and in the SCW Master Resolution therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2022 Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2022 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2022 Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

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

(b) Valley Water may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2022 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon Valley Water shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to Valley Water and by giving the 2022 Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, Valley Water shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within ninety (90) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2022 Bond Owner (on behalf of himself and all other 2022 Bond Owners) may petition any court of competent jurisdiction at the expense of Valley Water for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to Valley Water and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of Valley Water or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or

further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, Valley Water shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, Valley Water shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency which is then rating the 2022 Bonds and to the 2022 Bond Owners at the addresses shown on the Registration Books. If Valley Water fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of Valley Water.

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

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

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the 2022 Bonds shall be taken as statements of Valley Water, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or the 2022 Bonds, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the 2022 Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2022 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2022 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to

protect the rights of 2022 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2022 Bonds then Outstanding.

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for herein) in aggregate principal amount of the 2022 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

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

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by Valley Water or the Owners of not less than fifty percent (50%) of the 2022 Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by Valley Water of any of the terms, conditions, covenants or agreements herein of any of the documents executed in connection with the 2022 Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

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

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

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

(i) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2022 Bonds.

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

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

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

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

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

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be

genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to Valley Water, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the 2022 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2022 Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

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

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its respective possession and shall be subject at all reasonable times to the inspection of Valley Water, and any 2022 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

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

Valley Water shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred to a 2022 Bond Owner or a third party without negligence or bad faith on its part, arising out of or in connection with the execution of this Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the indemnification obligations of Valley Water shall survive removal or resignation of the Trustee hereunder or the discharge of the 2022 Bonds and this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE; SCW MASTER RESOLUTION

Section 9.01. Amendments to Indenture Permitted.

(a) The Indenture and the rights and obligations of Valley Water, the Owners of the 2022 Bonds, and the Trustee may be modified or amended from time to time and at any time by

an indenture or indentures supplemental thereto, subject to subsections (b) – (d) of this Section. No such modification or amendment shall: (1) extend the fixed maturity of any 2022 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2022 Bond so affected; (2) reduce the percentage of Owners required to provide consent or direction under this Indenture or (3) reduce the percentage of owners of any Bonds or Contracts required to provide consent to amendments or modifications of the SCW Master Resolution as set forth in the SCW Master Resolution. Promptly after the execution by Valley Water and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2022 Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of Valley Water, the Trustee and the Owners of the 2022 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding 2022 Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of Valley Water contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2022 Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon Valley Water;

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

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

(4) to modify, amend or supplement this Indenture in such manner as to cause interest on the 2022 Bonds to remain excludable from gross income under the Code; and

(5) to make such other amendments or modifications as may be in the best interests of the Owners of the 2022 Bonds.

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

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such

Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2022 Bonds from federal income taxation and the 2022 Bonds from state income taxation.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of Valley Water, the Trustee and all Owners of 2022 Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of 2022 Bonds; Preparation of New 2022 Bonds. 2022 Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by Valley Water and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2022 Bonds Outstanding at the time of such execution and presentation of his or her 2022 Bonds for such purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for such purpose, a suitable notation shall be made on such 2022 Bonds. If the Supplemental Indenture shall so provide, new 2022 Bonds so modified as to conform, in the opinion of Valley Water and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by Valley Water and authenticated by the Trustee, and upon demand on the Owners of any 2022 Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2022 Bond Owner, for 2022 Bonds then Outstanding, upon surrender for cancellation of such 2022 Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular 2022 Bonds. The provisions of this Article shall not prevent any 2022 Bond Owner from accepting any amendment as to the particular 2022 Bonds held by such 2022 Bond Owner.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The 2022 Bonds may be paid by Valley Water in any of the following ways, provided that Valley Water also pays or causes to be paid any other sums payable hereunder by Valley Water:

(a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on such 2022 Bonds, as and when the same become due and payable;

(b) by the deposit with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all 2022 Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all of the 2022 Bonds then Outstanding.

If Valley Water shall also pay or cause to be paid all other sums payable hereunder by Valley Water, then and in that case, at the election of Valley Water (as evidenced by a certificate of Valley Water filed with the Trustee, signifying the intention of Valley Water to discharge all such indebtedness and this Indenture), and notwithstanding that any such 2022 Bonds shall not have been surrendered for payment, all covenants, agreements and other obligations of Valley Water under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of Valley Water, the Trustee shall execute and deliver to Valley Water all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of such 2022 Bonds not theretofore surrendered for such payment or redemption to Valley Water.

Section 10.02. Discharge of Liability on 2022 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding 2022 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2022 Bonds), provided that, if such Outstanding 2022 Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of Valley Water in respect of such 2022 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

Valley Water may at any time surrender to the Trustee for cancellation by it any 2022 Bonds previously issued and delivered, which Valley Water may have acquired in any manner whatsoever, and such 2022 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2022 Bonds, the money or securities so to be deposited shall be held by the Trustee in the funds and accounts established pursuant to this Indenture. Defeasance may be accomplished by depositing with the Trustee:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2022 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2022 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such 2022 Bonds and all unpaid interest and premium, if any, thereon to the Redemption Date; or

(b) Defeasance Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant or Independent Financial Consultant filed with Valley Water and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the Redemption Date (with premium, if any), as the case may be, on the 2022 Bonds to be paid or redeemed as directed by Valley Water as such principal, interest and premium, if any, become due, provided that in the case of 2022 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided

in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of Valley Water) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2022 Bonds as directed by Valley Water; and (ii) Valley Water shall have delivered to the Trustee an opinion of Bond Counsel addressed to Valley Water and the Trustee to the effect that such 2022 Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's or Independent Financial Consultant's opinion referred to above). The opinion of Bond Counsel and Independent Certified Public Accountant's or Independent Financial Consultant's opinion referred to above shall be acceptable in form and substance, and addressed, to Valley Water and the Trustee.

The 2022 Bonds shall be deemed Outstanding under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 10.04. Payment of 2022 Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2022 Bonds and remaining unclaimed for two (2) years after the principal of all of the 2022 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the 2022 Bonds became due and payable, shall be transferred to the State and become subject to the escheat laws of the State free from the trusts created by this Indenture upon receipt of an indemnification agreement acceptable to Valley Water and the Trustee indemnifying the Trustee with respect to claims of Owners of 2022 Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the transfer of such moneys to the State as aforesaid, the Trustee shall at the Written Request of Valley Water (at the cost of Valley Water), first mail to the Owners of 2022 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2022 Bonds so payable and not presented and with respect to the provisions relating to the transfer to the State of the moneys relating for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability Limited. Notwithstanding anything contained herein or in the SCW Master Resolution, Valley Water shall not be required to advance any moneys derived from any source of income other than the SCW Revenues and the other funds provided herein for the payment of principal of and interest on the 2022 Bonds or for the performance of any agreements or covenants required to be performed by it contained herein. Valley Water may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by Valley Water for such purpose.

The obligation of Valley Water to pay the principal of and interest on the 2022 Bonds is a special obligation of Valley Water payable solely from such SCW Revenues and other funds described herein and 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 in contravention of any constitutional or statutory debt limitation or restriction.

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

Section 11.03. Limitation of Rights to Parties and 2022 Bond Owners. Nothing expressed or implied in this Indenture or in the 2022 Bonds is intended or shall be construed to give to any person other than Valley Water, the Trustee and the Owners of the 2022 Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of Valley Water, the Trustee and the Owners of the 2022 Bonds.

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

Section 11.05. Destruction of 2022 Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to Valley Water of any 2022 Bonds, the Trustee shall destroy such 2022 Bonds as may be allowed by law, and deliver a certificate of such destruction to Valley Water.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the 2022 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. Valley Water hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2022 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon Valley Water or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or email or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to Valley Water at Santa Clara Valley Water District, 5750 Almaden Expressway, San Jose, California 95118, Attention: Treasury, Debt and Grants Officer (or such other address as may have been filed in writing by Valley Water with the Trustee) or to the Trustee at U.S. Bank Trust Company, National Association, One California Street, Suite 1000, San Francisco, California; Attention: Global Corporate Trust, Reference: Santa Clara Valley Water District, Series 2022A; Facsimile: (415) 677-3768. Notwithstanding the foregoing provisions of this Section 11.07, the

Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of 2022 Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by 2022 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2022 Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2022 Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and Valley Water if made in the manner provided in this Section.

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

The ownership of 2022 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2022 Bond shall bind every future Owner of the same 2022 Bond and the Owner of every 2022 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or Valley Water in accordance therewith or reliance thereon.

Section 11.09. Disqualified 2022 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2022 Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, 2022 Bonds which are known by the Trustee to be owned or held by or for the account of Valley Water, or by any other obligor on the 2022 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, Valley Water or any other obligor on the 2022 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2022 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such 2022 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, Valley Water or any other obligor on the 2022 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, Valley Water shall certify to the Trustee those 2022 Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular 2022 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2022 Bonds (or portions of 2022 Bonds in the case of registered 2022 Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2022 Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable for the protection of the security of the 2022 Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of Valley Water shall be individually or personally liable for the payment of the principal of or premium or interest on the 2022 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by this Indenture.

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

Section 11.14. CUSIP Numbers. Neither the Trustee nor Valley Water shall be liable for any defect or inaccuracy in the CUSIP number that appears on any 2022 Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2022 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2022 Bond Owners and that neither Valley Water nor the Trustee shall be liable for any inaccuracies in such numbers.

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

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

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Its: Authorized Representative

Attest:

Clerk of the Board of Directors

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

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2022 BOND

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

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

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

| INTEREST RATE | MATURITY DATE | ORIGINAL ISSUE DATE | CUSIP |
|---------------|----------------|---------------------|-------|
| _____% | August 1, 20__ | _____, 2022 | ___ |

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The SANTA CLARA VALLEY WATER DISTRICT, an agency duly organized and existing under the laws of the State of California ("Valley Water"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless: (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a Business Day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this Bond is authenticated on or before [January 15, 2023] in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable semiannually on each February 1 and August 1, commencing [February 1, 2023], calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early

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

This Bond is not a debt of the State of California, or any of its political subdivisions (other than Valley Water), and neither the State, nor any of its political subdivisions (other than Valley Water), is liable hereon, nor in any event shall this Bond be payable out of any funds or properties of Valley Water other than the SCW Revenues (as such term is defined in the SCW Master Resolution adopted by the Board of Directors of Valley Water on May 11, 2021, as amended (the "SCW Master Resolution") and other moneys pledged and assigned therefor under the SCW Master Resolution and the Indenture of Trust, dated as of November 1, 2022 (the "Indenture"), by and between Valley Water and the Trustee. Such pledge, together with the pledge created by all other Contracts and Bonds (as such terms are defined in the SCW Master Resolution), constitutes a first lien on SCW Revenues and all amounts on deposit in the funds and accounts under the SCW Master Resolution to the extent set forth therein, and is subject to the application of SCW Revenues in accordance with the terms of the SCW Master Resolution and the Indenture. The obligation of Valley Water to make payments in accordance with the SCW Master Resolution and the Indenture is a limited obligation of Valley Water as set forth in the SCW Master Resolution and the Indenture and Valley Water shall have no liability or obligation in connection herewith except with respect to such payments to be made pursuant to the SCW Master Resolution and the Indenture. The Bonds do not constitute an indebtedness of Valley Water in contravention of any constitutional or statutory debt limitation or restriction.

This Bond is one of a duly authorized issue of bonds of Valley Water designated as the "Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2022A" (the "Bonds") of an aggregate principal amount of _____ Million _____ Thousand (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including but not limited to Section 53583, and pursuant to the SCW Master Resolution, the Indenture and the resolution authorizing the issuance of the Bonds. Reference is hereby made to the SCW Master Resolution and the Indenture (copies of which are on file at the office of Valley Water) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the SCW Revenues, and the rights thereunder of the Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of Valley Water hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds have been issued by Valley Water to refund certain obligations of Valley Water and to pay costs of issuance of the Bonds, as more fully described in the Indenture.

This Bond and the interest, premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the SCW Master Resolution and the Indenture) are special obligations of Valley Water, secured by a pledge and lien on and payable from the SCW Revenues and any other amounts on deposit in certain funds and accounts created under the SCW Master Resolution. As and to the extent set forth in the SCW Master Resolution and the Indenture, all of the SCW Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the SCW Master Resolution and the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

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

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

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

The Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after August 1, 20__ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

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

| <i>Redemption Date</i> <i>(August 1)</i> | <i>Principal Amount</i> |
|---|-----------------------------|
| | \$ |

* Final Maturity.

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, Valley Water has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Chair as of this __th day of December, 2022.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Its: Chair of the Board of Directors

Attest:

Clerk of the Board of Directors

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

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

Dated: December __, 2022

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

By: _____
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

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

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

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

Dated: _____

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

Signature Guaranteed:

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

SANTA CLARA VALLEY WATER DISTRICT

\$ _____
Safe Clean Water Program Refunding
Revenue Bonds, Series 2022A

BOND 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 Bond Purchase Contract (this "*Bond 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 the executed Bond Purchase Contract to the Representative on or before 10:00 p.m., California time, on the date hereof. Capitalized terms used in this Bond Purchase Contract and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as defined herein).

Any authority, discretion, or other power conferred upon the Underwriters by this Bond 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 Refunding Revenue Bonds, Series 2022A (the "*2022 Bonds*").

The 2022 Bonds 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 redemption as set forth in Schedule I hereto. Interest on the 2022 Bonds shall be payable on February 1 and August 1 of each year, commencing [February 1, 2023].

The purchase price for the 2022 Bonds shall be \$_____, which is equal to the principal amount of the 2022 Bonds, 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 2022 Bonds is conditioned on the issuance and delivery by Valley Water of all of the 2022 Bonds to the Underwriters at Closing (as hereinafter defined).

Section 2. Description of the 2022 Bonds. The 2022 Bonds are being issued 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*”), and an Indenture of Trust, dated as of November 1, 2022 (the “*Indenture*”) by and between Valley Water and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The 2022 Bonds shall be as described in the Indenture.

The proceeds of the 2022 Bonds will be used to: (i) pay the principal portion of the currently outstanding Santa Clara Valley Water District Commercial Paper Certificates, Series A (Tax-Exempt), Revolving Certificates Series C (Tax-Exempt) (Non-Syndicated) and Revolving Certificates Series C (Tax-Exempt) (Syndicated), together the “*AC Certificates*,” issued to finance projects included in the SCW Program (as defined in the Indenture), and (ii) pay costs of issuance of the 2022 Bonds.

The 2022 Bonds are a special obligation of Valley Water secured by a pledge of SCW Revenues and payable solely from SCW Revenues (as such term is defined in the SCW Master Resolution).

A portion of the proceeds from the sale of the 2022 Bonds will be deposited with U.S. Bank Trust Company, National Association as the Issuing and Paying Agent under the Restated Issuing and Paying Agent Agreement, dated as of April 1, 2022 pursuant to which the AC Certificates were issued to pay, together with certain amounts transferred by Valley Water, the AC Certificates to be refunded.

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 2022 Bonds.

Section 3. Public Offering. The Underwriters agree to make a bona fide public offering of all the 2022 Bonds 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 2022 Bonds, provided that the Representative shall not change the interest rates set forth on Schedule I. The 2022 Bonds 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 Bond Purchase Contract, copies of the Preliminary Official Statement in electronic form relating to the 2022 Bonds 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 2022 Resolution.

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 2022 Bonds 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 (“*Bond 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds, 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 2022 Bonds in accordance with the terms of this Bond 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 Indenture, the 2022 Bonds, this Bond 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 2022 Bonds, 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 2022 Bonds, 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 2022 Bonds, 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 2022 Bonds, 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 Bond 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 2022 Bonds, the Financing Documents, or in any way contesting or affecting the validity of the 2022 Bonds or this Bond 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 Bond 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 principal of and interest with respect to the 2022 Bonds 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 2022 Bonds, when issued, authenticated and delivered in accordance with the SCW Master Resolution and the Indenture will be valid and legally enforceable obligations of Valley Water in accordance with their 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 2022 Bonds and any Bonds and Contracts (as such terms are defined in the

SCW Master Resolution) heretofore or 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 issuance of the 2022 Bonds, 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 on a parity with, the 2022 Bonds.

(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 2022 Bonds 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 2022 Bonds 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 2022 Bonds; 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 Bond 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 2022 Bonds.

(m) No Other Obligations. Except as disclosed in the Official Statement, between the date of this Bond 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 2022 Bonds pursuant to this Bond 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 2022 Bonds 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 Bond 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 2022 Bonds; and (vi) each Underwriter has financial interests that differ from those of Valley Water.

Section 7. Closing Conditions. The Representative has entered into this Bond 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 Bond Purchase Contract to purchase, accept delivery of and to pay for the 2022 Bonds 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 Bond 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 Bond 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 on any of its financial obligations which default would materially adversely impact the ability of Valley Water to pay the principal of and interest on the 2022 Bonds.

(e) Termination Events. The Representative shall have the right to terminate this Bond 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 2022 Bonds:

(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 Bond 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 on bonds or notes or obligations of the general character of the 2022 Bonds; 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 2022 Bonds, or the delivery, offering or sale of the 2022 Bonds, 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 2022 Bonds, or the 2022 Bonds, 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 Indenture 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 2022 Bonds; 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 2022 Bonds (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) 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.

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

(iv) Opinion of Bond Counsel. An approving opinion of Bond 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.

(v) Supplemental Opinion. A supplemental opinion or opinions of Bond 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 Bond Purchase Contract, and the Bond 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 AND 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 2022 Bonds, the SCW Master Resolution, the Financing Documents, and the final approving opinion relating to the 2022 Bonds, are accurate in all material respects; and

(vi) *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 Bond 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 2022 Bonds, the Financing Documents, and this Bond 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 Resolution and the execution and delivery of the 2022 Bonds, the Financing Documents, and this Bond Purchase Contract and compliance with the provisions thereof, 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 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 Resolution or to enter into the Financing Documents or this Bond 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 2022 Bonds, this Bond Purchase Contract or the Financing Documents or in any way contesting or affecting the validity of the 2022 Bonds or this Bond 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 Bond 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 on the 2022 Bonds 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 him, 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 him 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.

(vii) 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 F - "FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE 2022A BONDS")) 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 2022 Bonds are exempt from registration under the Securities Act of 1933, as amended; the Indenture 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 2022 Bonds to make a reasonable determination as required by section (b)(5) of such Rule.

(viii) 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 Indenture and the 2022 Bonds and to perform its respective obligations thereunder;

(B) The Trustee acknowledges and accepts its obligations under the Indenture 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 authenticated the 2022 Bonds upon the order of Valley Water;

(E) The Trustee's actions in performing its obligations under the Indenture 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 issuance of the 2022 Bonds or the consummation by the Trustee of its obligations under the Indenture or the Continuing Disclosure Agreement.

(ix) 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 Financing Documents to which the Trustee is a party.

(x) 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), Operations, or other duly authorized officer of Valley Water to the effect that:

(A) The representations, warranties and covenants of Valley Water contained in this Bond 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 Bond 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.

(xi) 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 Indenture and to enter into and perform its duties under the Continuing Disclosure Agreement;

(B) The Trustee has duly executed and delivered the Indenture and the Continuing Disclosure Agreement, and assuming due authorization and execution by the other parties thereto, the Indenture 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 authenticated the 2022 Bonds and delivered the 2022 Bonds 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 authentication and delivery of the 2022 Bonds or the consummation by the Trustee of its obligations under the Resolution, the Indenture, or the Continuing Disclosure Agreement.

(xii) Tax Certificate. A tax certificate executed by Valley Water with respect to the 2022 Bonds.

(xiii) 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.

(xiv) Ratings. Evidence that the 2022 Bonds have been rated “___” (stable outlook) by [Fitch Ratings, Inc.] and “___” (stable outlook) by [Moody’s Investors Service, Inc.]

(xv) Additional Documents. Such additional legal opinions, certificates, instruments and documents as Bond 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 Bond Purchase Contract, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond 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 2022 Bonds.

(a) The Representative, on behalf of the Underwriters, agrees to assist Valley Water in establishing the issue price of the 2022 Bonds 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 Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2022 Bonds. All actions to be taken by Valley Water under this Section 8 to establish the issue price of the 2022 Bonds 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 2022 Bonds (the “10% test”) is sold to the public on the date of this Bond 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 Bond 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 2022 Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the 2022 Bonds, the Representative agrees to promptly report to Valley Water the prices at which the 2022 Bonds 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 2022 Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the 2022 Bonds 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 Bond Counsel.] For purposes of this Section 8, if the 2022 Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the 2022 Bonds.

[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 2022 Bonds to the public on or before the date of this Bond 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 Bond Purchase Contract, the maturities, if any, of the 2022 Bonds 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 2022 Bonds, the Underwriters will neither offer nor sell unsold 2022 Bonds 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all of the 2022 Bonds 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 2022 Bonds 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 2022 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2022 Bonds 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2022 Bonds, 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 2022 Bonds 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 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2022 Bonds, 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 2022 Bonds 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 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2022 Bonds, 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 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2022 Bonds, 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 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2022 Bonds.

(f) The Underwriters acknowledge that sales of any 2022 Bonds to any person that is a related party to an underwriter participating in the initial sale of the 2022 Bonds 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 2022 Bonds 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 2022 Bonds 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 2022 Bonds to the public);

(iii) a purchaser of any of the 2022 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(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 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 and the Financing Documents and the cost of preparing, printing, issuing and delivering the definitive 2022 Bonds, (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 Bond 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 2022 Bonds; 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 Bond 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 2022 Bonds including, but not limited to: (i) all advertising expenses in connection with the offering of the 2022 Bonds; (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 2022 Bonds (including other expenses, CUSIP Service Bureau fees, fees of the CDIAAC 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 Bond 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 Bond Purchase Contract may be given by delivering the same in writing to the Representative, _____, _____, _____, California _____, Attention: _____.

Section 11. Entire Agreement. This Bond 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 Bond 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 2022 Bonds hereunder, and (b) any termination of this Bond Purchase Contract.

Section 12. Counterparts. This Bond 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 Bond 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 Bond 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 Bond 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 Bond 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 Bond Purchase Contract supersede those of all previous agreements between the parties, and that this Bond Purchase Contract contains the entire agreement between the parties hereto. In the event of a dispute between the parties under this Bond 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 Bond 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 Bond 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

2022 BONDS

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 August 1, 20__.

2022 BONDS REDEMPTION PROVISIONS

Optional Redemption

The 2022 Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after August 1, 20__ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption

The 2022 Bonds with stated maturities on August 1, 20__ and August 1, 20__ are subject to mandatory sinking fund redemption in part (by lot), on each August 1 on and after August 1, 20__ and August 1, 20__, respectively, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest evidenced thereby to the date fixed for redemption, without premium, in accordance with the following schedules:

| <i>Redemption Date</i> <i>(August 1)</i> | <i>Principal</i> <i>Amount</i> <i>(\$)</i> |
|---|--|
|---|--|

*

***Redemption Date
(August 1)***

***Principal
Amount
(\$)***

*

Redemption from Insurance or Eminent Domain Proceeds

The 2022 Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the SCW Master Resolution, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

APPENDIX A

ISSUE PRICE CERTIFICATE

\$ _____

**Santa Clara Valley Water District
Safe Clean Water Program Refunding Revenue Bonds, Series 2022A**

[REPRESENTATIVE], on its own behalf and as the representative (the “Representative”) of the underwriters named in the Bond 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 issuance of the above-captioned obligations (the “2022 Bonds”).

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 2022 Bonds, 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 issuance of the 2022 Bonds.

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 2022 Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond 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 2022 Bonds 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 2022 Bonds that are not “Hold-the-Offering-Price Maturities.”

“*Hold-the-Offering-Price Maturities*” means those Maturities of the 2022 Bonds 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.

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

“*Maturity*” means 2022 Bonds with the same credit and payment terms. 2022 Bonds with different maturity dates, or 2022 Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

“*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 2022 Bonds. The Sale Date of each maturity of the 2022 Bonds is _____, 2022.

“*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2022 Bonds 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 2022 Bonds 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 2022 Bonds to the Public).

4. ***Arbitrage Yield.***

We have provided the attached schedules to the Issuer with respect to the yield on the 2022 Bonds being _____. We have calculated the yield on the 2022 Bonds 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 2022 Bonds from the date of issuance, to Maturity, produces an amount equal to the sum of the price of each Maturity of the 2022 Bonds listed in Schedule A of this certificate (the “Issue Price”); provided that the Issuer 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 bond counsel (“Bond Counsel”) has advised that the Issue Price is determined based on the prices of each Maturity of the 2022 Bonds listed in Schedule A, as described in paragraphs 1 and 2 above. To the extent that we provided the Issuer and Bond Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the 2022 Bonds, these computations are based on our understanding of directions that we have received from Bond 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 Bond 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 Issuer 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 2022 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the 2022 Bonds 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 2022 Bonds. 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 REFUNDING BONDS
(Attached)

SCHEDULE B to APPENDIX B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

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 issuance of the Santa Clara Valley Water District Safe Clean Water Program Refunding Revenue Bonds, Series 2022A (the “Bonds”). The Bonds are being issued pursuant to Resolution No. 22-__ adopted by the Board of Directors of Valley Water on November 8, 2022 (the “Resolution”) and an Indenture of Trust, dated as of November 1, 2022, by and between Valley Water and U.S. Bank Trust Company, National Association, as trustee (the “Indenture”). Valley Water and Dissemination Agent, covenant as follows:

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

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

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

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

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

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

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

“Official Statement” shall mean the Official Statement relating to the Bonds dated November __, 2022.

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

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

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) Valley Water shall, or shall cause the Dissemination Agent to, not later than each April 1, commencing with the report due on April 1, 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 Bonds in a timely manner not more than ten (10) Business Days after the event:

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

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

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

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

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

2. modifications to the rights of Bond holders;

3. optional, unscheduled or contingent Bond redemptions;

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

5. non-payment related defaults;

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

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

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

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

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

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

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent Valley Water from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in

addition to that which is required by this Disclosure Agreement. If Valley Water chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, Valley Water shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

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

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 REFUNDING REVENUE
BONDS, SERIES 2022A

Date of Issuance: December __, 2022

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

Dated: _____

SANTA CLARA VALLEY WATER DISTRICT

By: [no signature required; form only]