

RESOLUTION NO. 2020-03

**RESOLUTION OF THE
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
APPROVING CERTAIN PORTIONS OF AN OFFICIAL STATEMENT
IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS AND
AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH**

WHEREAS, the Upper Santa Clara Valley Joint Powers Authority (the "Authority"), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, has been requested to assist the Santa Clarita Valley Water Agency (the "Agency") by undertaking the financing of the acquisition of certain capital improvements on behalf of the Agency and the refinancing of the acquisition of certain capital improvements on behalf of the Agency with the issuance of one or more series of Authority revenue bonds; and

WHEREAS, the Board of Directors of the Authority previously approved documents to finance or refinance, as applicable, the acquisition of certain capital improvements on behalf of the Agency; and


WHEREAS, the Authority has determined to approve an official statement to be used in connection with the issuance of Authority revenue bonds.

NOW THEREFORE, the Board of Directors of the Upper Santa Clara Valley Joint Powers Authority hereby finds, determines, declares and resolves as follows:

1. The preparation and distribution of the Preliminary Official Statement, including appendices C, D, E and F but excluding appendices A and B (the "Authority Portion"), in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by General Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel ("Bond Counsel"). The Executive Director is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Authority Portion of the Preliminary Official Statement.

2. The President, Vice President, Executive Director and Secretary are hereby authorized and directed to execute, approve and deliver the Authority Portion of the final Official Statement with such changes, insertions and omissions as may be approved by General Counsel and Bond Counsel, said Authority officers' execution being conclusive evidence of such approval. The underwriters named in the Preliminary Official Statement are hereby authorized to distribute copies of the Authority Portion of Preliminary Official Statement to persons who may be interested in the initial purchase of the previously approved Upper Santa Clara Valley Joint Powers Authority bonds (the "Bonds") and are directed to deliver copies of the final version of the Authority Portion of the Official Statement to all actual initial purchasers of the Bonds.

3. This resolution shall take effect immediately.



President

I, the undersigned, hereby certify I am the duly appointed and acting Secretary of the Upper Santa Clara Valley Joint Powers Authority and at a regular meeting of the Board of Directors of said Agency held on Tuesday, June 16, 2020, the foregoing Resolution No. 2020-03 was duly and regularly adopted by said Authority, and that said resolution has not been rescinded or amended since the date of its adoption, and it is now in full force and effect.

DATED: June 16, 2020

April Jacobs

April Jacobs, Secretary



ATTACHMENT 2

Stradling Yocca Carlson & Rauth
Draft of 6/8/2020

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2020

NEW ISSUE—BOOK-ENTRY ONLY

RATING: See the caption "RATINGS"

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

\$ _____
REVENUE BONDS, SERIES 2020A

\$ _____
REVENUE BONDS, TAXABLE SERIES 2020B

[Located in portions of Los Angeles and Ventura Counties, California]

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2020A and Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Taxable Series 2020B are being issued by the Authority pursuant to an Indenture of Trust, dated as of February 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee, and will be payable from the sources described herein. The 2020A Bonds are being issued to (i) finance the acquisition of certain capital improvements of the Santa Clarita Valley Water Agency's Water System, (ii) refund certain outstanding obligations of the Agency and (iii) pay certain costs of issuance of the 2020A Bonds. The 2020B Bonds are being issued to (i) advance refund certain outstanding obligations of the Agency and (ii) pay certain costs of issuance of the 2020B Bonds.

Interest due on the 2020 Bonds is payable semiannually on each February 1 and August 1, commencing on February 1, 2021. The 2020 Bonds are being issued in fully registered book-entry form and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the 2020 Bonds. Individual purchases of the 2020 Bonds will be in principal amounts of \$5,000 and integral multiples thereof. Payments of principal of and interest on the 2020 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the 2020 Bonds.

The 2020 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described in this Official Statement.

The 2020 Bonds are limited obligations of the Authority. The 2020 Bonds are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Revenues consist primarily of Series 2020 Installment Payments received by the Authority from the Agency pursuant to an Installment Purchase Agreement, dated as of February 1, 2020, by and between the Agency and the Authority.

The obligation of the Agency to make the Series 2020 Installment Payments is a special obligation of the Agency payable solely from Net Revenues of the Agency's Water System. Revenues of the Water System generally consist of the Agency's retail water sales revenues, amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency, facility capacity fees and certain other revenues. Revenues also include transfers from the Rate Stabilization Fund. Net Revenues available for the payment of the Series 2020 Installment Payments are the Revenues of the Water System less Operation and Maintenance Costs, less amounts of the 1% *ad valorem* property taxes and facility capacity fees allocated to the Agency's obligation to make approximately \$77,339,062.45 (adjusted for the accreted value of certain capital appreciation certificates as of August 1, 2020) aggregate principal amount of installment payments pursuant to the 1999 Installment Purchase Agreement. The 2020 Bonds are payable from Net Revenues on a parity with the Installment Payments pursuant to the 2018A Installment Purchase Agreement.

Property taxes levied by the Agency to pay certain State Water Project costs are not included in Revenues of the Water System pledged to the payment of the Series 2020 Installment Payments. Such State Water Project costs are not Operation and Maintenance Costs of the Water System.

The Agency has covenanted not to incur additional obligations payable from Net Revenues senior to the Series 2020 Installment Payments. The Agency may incur additional obligations payable from Net Revenues of the Water System on a parity with the Series 2020 Installment Payments, subject to the terms and conditions set forth in the Installment Purchase Agreement, as further described herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2020 BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2020 BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.

MATURITY SCHEDULES

(See inside front cover)

THE OBLIGATION OF THE AGENCY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE AGENCY PAYABLE SOLELY FROM NET REVENUES OF THE AGENCY'S WATER SYSTEM AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, INCLUDING BUT NOT LIMITED TO THE RATE STABILIZATION FUND, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AGENCY FOR WHICH THE AGENCY IS OBLIGATED TO PAY FROM ANY OTHER AGENCY REVENUES OR TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AGENCY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE AGENCY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE A DEBT OF THE AGENCY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020 Bonds is exempt from

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, or to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

State of California personal income tax.

This cover page contains certain information for quick reference only. It is not a complete summary of the 2020 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2020 Bonds are offered when, as and if issued, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriters by its counsel Gilmore & Bell, P.C., for the Authority by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Special Counsel, for the Agency by Best Best & Krieger LLP, General Counsel to the Agency and for the Trustee by its counsel. It is anticipated that the 2020 Bonds will be available through the facilities of DTC on or about July 15, 2020.

CITIGROUP

Goldman Sachs & Co. LLC

Morgan Stanley

Dated: July __, 2020

MATURITY SCHEDULES

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

**\$ _____
REVENUE BONDS, SERIES 2020A**

<i>Maturity (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

\$ _____ % Term Bonds due August 1, 20 __, Yield _____ %, Price _____; CUSIP[†]: _____

^{*} Preliminary, subject to change.

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\$ _____
REVENUE BONDS, TAXABLE SERIES 2020B

<i>Maturity (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>	<i>CUSIP†</i>
	\$	%		

\$ _____ % Term Bonds due August 1, 20 __, Yield _____ %, Price _____; CUSIP†: _____

* Preliminary, subject to change.

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SANTA CLARITA VALLEY WATER AGENCY

[map to come]

**UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS AND OFFICIALS**

Maria Gutzeit, President
R. J. Kelly, Vice President
Edward A. Colley
William C. Cooper
E.G. "Jerry" Gladbach

Matthew Stone, Executive Director
April Jacobs, Secretary
Rochelle Patterson, Treasurer

**SANTA CLARITA VALLEY WATER AGENCY
BOARD OF DIRECTORS AND OFFICIALS**

Gary Martin, President
Maria Gutzeit, Vice President
E.G. "Jerry" Gladbach, Vice President
William C. Cooper
R. J. Kelly
B.J. Atkins
Edward A. Colley
Kathy Colley
Robert J. DiPrimio
Dan Mortensen
Lynne Plambeck
Jeff Ford

Matthew Stone, General Manager
April Jacobs, Secretary to the Board
Stephen Cole, Assistant General Manager
Eric Campbell, Chief Financial and Administrative Officer
Keith Abercrombie, Chief Operating Officer

SERVICES

General Counsel

Best Best & Krieger LLP
Riverside, California

Bond Counsel

Stradling Yocca Carlson & Rauth, A Professional Corporation
Newport Beach, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Trustee and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Verification Agent

Robert Thomas CPA, LLC
Minneapolis, Minnesota

Table of Contents

<p>INTRODUCTION 1</p> <p>THE FINANCING PLAN 5</p> <p style="padding-left: 20px;">The Project..... 5</p> <p style="padding-left: 20px;">Refunding of the Refunded Obligations..... 5</p> <p style="padding-left: 20px;">Verification of Mathematical Computations.. 7</p> <p>ESTIMATED SOURCES AND USES OF FUNDS 8</p> <p>THE 2020 BONDS 8</p> <p style="padding-left: 20px;">Terms of the 2020 Bonds 8</p> <p style="padding-left: 20px;">Redemption of Bonds..... 9</p> <p style="padding-left: 20px;">Notice of Redemption 11</p> <p style="padding-left: 20px;">Selection of Bonds for Redemption 12</p> <p style="padding-left: 20px;">Partial Redemption of Bonds 12</p> <p style="padding-left: 20px;">Effect of Redemption of Bonds..... 12</p> <p style="padding-left: 20px;">Book-Entry Only System 13</p> <p style="padding-left: 20px;">Transfers and Exchanges Upon Termination of Book-Entry Only System 13</p> <p style="padding-left: 20px;">Debt Service Schedule 14</p> <p>SECURITY FOR THE 2020 BONDS 16</p> <p style="padding-left: 20px;">General..... 16</p> <p style="padding-left: 20px;">Water System Revenue Pledge 16</p> <p style="padding-left: 20px;">Rate Stabilization Fund..... 17</p> <p style="padding-left: 20px;">Rate Covenant..... 18</p> <p style="padding-left: 20px;">Limitations on Parity and Superior Obligations; Subordinate Obligations..... 18</p> <p>INVESTMENT CONSIDERATIONS 19</p> <p style="padding-left: 20px;">Accuracy of Assumptions 19</p> <p style="padding-left: 20px;">1% <i>Ad Valorem</i> Property Tax Allocations... 20</p> <p style="padding-left: 20px;">Facility Capacity Fees..... 20</p> <p style="padding-left: 20px;">Rate Covenant Not a Guarantee..... 21</p> <p style="padding-left: 20px;">System Demand 21</p> <p style="padding-left: 20px;">System Expenses..... 21</p> <p style="padding-left: 20px;">Limited Recourse on Default 21</p> <p style="padding-left: 20px;">Limitations on Remedies Available; Bankruptcy 22</p> <p style="padding-left: 20px;">Natural Disasters and Seismic Considerations..... 22</p> <p style="padding-left: 20px;">Limited Obligations 24</p> <p style="padding-left: 20px;">Statutory and Regulatory Compliance 24</p> <p style="padding-left: 20px;">Parity Obligations 24</p> <p style="padding-left: 20px;">Loss of Tax Exemption..... 25</p> <p style="padding-left: 20px;">Secondary Market 25</p>	<p>COVID-19 Pandemic25</p> <p>Cybersecurity.....26</p> <p>THE SANTA CLARITA VALLEY WATER AGENCY 26</p> <p>CONSTITUTIONAL PROVISIONS27</p> <p style="padding-left: 20px;">Article XIII B27</p> <p style="padding-left: 20px;">Proposition 218.....27</p> <p style="padding-left: 20px;">Proposition 26.....29</p> <p style="padding-left: 20px;">Future Initiatives.....29</p> <p>THE AUTHORITY 30</p> <p>TAX MATTERS 30</p> <p>CERTAIN LEGAL MATTERS 32</p> <p>LITIGATION 33</p> <p style="padding-left: 20px;">The Authority 33</p> <p style="padding-left: 20px;">The Agency 33</p> <p>RATINGS..... 33</p> <p>MUNICIPAL ADVISOR..... 33</p> <p>UNDERWRITING..... 34</p> <p>CONTINUING DISCLOSURE UNDERTAKING..... 34</p> <p>MISCELLANEOUS..... 35</p> <p>APPENDIX A INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCYA-1</p> <p>APPENDIX B AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2019..... B-1</p> <p>APPENDIX C SUMMARY OF PRINCIPAL LEGAL DOCUMENTS C-1</p> <p>APPENDIX D FORM OF LEGAL OPINION D-1</p> <p>APPENDIX E DTC AND BOOK-ENTRY ONLY SYSTEM..... E-1</p> <p>APPENDIX F FORM OF CONTINUING DISCLOSURE CERTIFICATEF-1</p>
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NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OR SALE OF THE 2020 Bonds, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AGENCY, THE AUTHORITY OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BY ANY SALE OF THE 2020 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE 2020 BONDS.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriters have provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of this information.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Net Revenues of the Water System, expenditures and other financial items; (b) statements of the plans and objectives of the Agency for future operations of the Water System; (c) statements of future economic performance of the Water System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation statements under Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY" regarding the Agency's financial position, business strategy, capital resources and plans and objectives for future operations of the Water System, are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are believed by the Agency to be reasonable, there can be no assurance that such expectations will prove to have been correct. Statements of important factors (collectively, the "Cautionary Statements") that could cause actual results to differ materially from expectations of the Agency are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the Agency or person acting on behalf of the Agency are expressly qualified in their entirety by the Cautionary Statements.

This Official Statement is submitted in connection with the sale of the 2020 Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

In connection with the offering of the 2020 Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. Under certain circumstances, the Underwriters may offer and sell the 2020 Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the page immediately following the cover page of this Official Statement, and the Underwriters may change those public offering prices from time to time.

THE 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON AN EXEMPTION CONTAINED IN THE ACT. THE 2020 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The Agency maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2020 Bonds.

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UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

\$ _____
REVENUE BONDS, SERIES 2020A

\$ _____
REVENUE BONDS, TAXABLE SERIES 2020B

INTRODUCTION

General. This Official Statement provides information concerning the issuance by the Upper Santa Clara Valley Joint Powers Authority (the "Authority") of the Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2020A (the "2020A Bonds") and the Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2020B (the "2020B Bonds" and, together with the 2020A Bonds, the "2020 Bonds") pursuant to an Indenture of Trust, dated as of February 1, 2020 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). See the caption "THE 2020 BONDS."

Purposes of the 2020 Bonds. The 2020A Bonds are being issued to (i) finance the acquisition of certain capital improvements of the Santa Clarita Valley Water Agency's (the "Agency") water system as more particularly described under the caption "THE FINANCING PLAN—The Project," (ii) to provide a portion of the funds to refund the outstanding Castaic Lake Water Agency Refunding Revenue Certificates of Participation, Series 2010A (2001 Refunding Project) (the "Refunded 2010A Certificates") as more particularly described under the caption "THE FINANCING PLAN—The Refunding of the Refunded Obligations," and (iii) pay certain costs of issuance of the 2020A Bonds.

The 2020B Bonds are being issued to (i) to provide a portion of the funds to advance refund the outstanding Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2015A (the "Refunded 2015A Bonds"), the outstanding Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2016A (the "Refunded 2016A Bonds") and the outstanding Upper Santa Clara Valley Joint Powers Authority Refunding Revenue Bonds, Series 2017A (Santa Clarita Water Division) (the "Refunded 2017A Bonds" and, together with the Refunded 2010A Certificates, the Refunded 2015A Bonds and the Refunded 2016A Bonds, the "Refunded Obligations") as more particularly described under the caption "THE FINANCING PLAN—The Refunding of the Refunded Obligations," and (ii) pay certain costs of issuance of the 2020B Bonds.

Authority for Issuance. The 2020 Bonds are being issued under the Indenture and the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "State").

In connection with the authorization of the 2020 Bonds, the Authority adopted a resolution on February 4, 2020 (the "Authorizing Resolution") approving the 2020 Bonds and the execution and delivery of the Indenture. On February 4, 2020, the Agency adopted a resolution authorizing and approving certain documents in connection with the issuance of the 2020 Bonds. [Such approvals of the Authority and the Agency were made in order to allow the 60 day statutory validation period to run pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part L of the Code of Civil Procedure of the State of California (the "Validation Statute") prior to issuance of the 2020 Bonds. As of the date of this Official Statement, no action challenging the validity of the 2020 Bonds or the Indenture has been filed. However, there can be no assurance that an action will not be filed or that a court exercising equitable powers or judicial discretion would not hear an action challenging the validity of the 2020 Bonds, the Indenture or the Installment Purchase Agreement (as defined below) brought after the statutory validation period provided under the Validation Statute.]

The Santa Clarita Valley Water Agency. As further described in Appendix A hereto, the Santa Clarita Valley Water Agency was formed through a statutory merger of the former Castaic Lake Water Agency

* Preliminary; subject to change.

("CLWA") and Newhall County Water District ("NCWD") effected by Senate Bill 634 (referred to herein as the "Agency Law"). Pursuant to the terms of the Agency Law, CLWA and NCWD merged into a new agency called the "Santa Clarita Valley Water Agency" effective January 1, 2018. See Appendix A hereto. Pursuant to the Agency Law, the Agency succeeded to all of the rights, duties, obligations, contracts, responsibilities, assets, entitlements, and liabilities of CLWA and NCWD, including, but not limited to, the performance or payment of any outstanding indebtedness of CLWA and NCWD. The initial boundaries of the Agency were the boundaries of CLWA as they existed on December 31, 2017.

In December 2012, the former CLWA acquired 100% of the stock of the Valencia Water Company ("VWC") through the settlement of an eminent domain action. After such acquisition, VWC continued to operate as a separate company. The Agency Law required the Agency to take steps to dissolve VWC and transfer VWC's assets, property, liabilities and indebtedness to the Agency. Such dissolution and transfer was finalized on January 9, 2018. The Agency is the successor to the assets and liabilities of VWC. To account for the revenues, expenses and debt allocable to the retail service within the boundaries of the former VWC, the Agency established a retail division designated as the Valencia Water Division ("VWD").

As a result of the statutory merger of CLWA and NCWD pursuant to the Agency Law, the Agency created a retail division designated as the Newhall Water Division ("NWD") to account for the revenues, expenses and debt of the former NCWD. The Agency had previously established the Santa Clarita Water Division ("SCWD"), a retail water division of the former CLWA, to account for the revenues, expenditures and debt attributable to SCWD.

Pursuant to the terms of the Agency Law, the indebtedness of NCWD, SCWD and VWC which existed as of December 31, 2017, is required to be borne by NWD, SCWD and VWD, and paid from that retail division's rates and charges. As a result, each of the three retail divisions currently has separate water rate structures. When all such pre-December 31, 2017 indebtedness has been retired, the Agency shall dispense with its tracking of retail divisions for all purposes as soon as feasible, as described in greater detail in "Water Rates and Charges" in Appendix A.

Sources of Payment for the 2020 Bonds. The 2020 Bonds are limited obligations of the Authority. The 2020 Bonds are payable solely from "Revenues" (as defined in the Indenture) and from certain other amounts on deposit in funds and accounts under the Indenture. Revenues consist primarily of payments (the "Series 2020 Installment Payments") received from the Agency pursuant to an Installment Purchase Agreement, dated as of February 1, 2020 (the "Installment Purchase Agreement"), by and between the Agency and the Authority. See the caption "SECURITY FOR THE 2020 BONDS."

The 2020 Bonds do not constitute a charge against the general credit of the Authority. The 2020 Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Installment Purchase Agreement and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the 2020 Bonds. The Authority has no taxing power. The 2020 Bonds do not constitute a debt, liability or obligation of the State or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State constitutional or statutory provision.

The obligation of the Agency to make the Series 2020 Installment Payments is a special obligation of the Agency payable solely from Net Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System of the Agency and other funds described in the Installment Purchase Agreement, including but not limited to the Rate Stabilization Fund, and does not constitute a debt of the Agency or of the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Revenues of the Water System generally consist of the Agency's retail water sales revenues, amounts allocated by the County of Los Angeles (the "County") and the County of Ventura (together, the "Counties") from the 1% *ad valorem* property tax to the Agency, facility capacity fees and

certain other revenues. Revenues also include transfers from the Rate Stabilization Fund, as described under the caption "SECURITY FOR THE 2020 BONDS – Rate Stabilization Fund" herein. Net Revenues available for the payment of the Series 2020 Installment Payments are the Revenues of the Water System remaining after the payment of Operation and Maintenance Costs (as defined in the Installment Purchase Agreement), amounts of the 1% *ad valorem* property taxes and facility capacity fees allocated to the Agency's obligation to make installment payments pursuant to the 1999 Installment Purchase Agreement, and amounts of the 1% *ad valorem* property taxes allocated to its obligation to make or pay Installment Payments pursuant to the 2018A Installment Purchase Agreement. The 2020 Bonds are payable from Net Revenues on a parity with the Installment Payments pursuant to the 2018A Installment Purchase Agreement. See Appendix C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Agency levies property taxes to pay certain costs under the Agency's State Water Project contract. Such State Water Project contract costs are not Operation and Maintenance Costs of the Water System and such State Water Project property taxes are not included in Revenues of the Water System pledged to the Series 2020 Installment Payments.

Additional Parity Obligations. The Agency has covenanted not to incur additional obligations payable from Net Revenues of the Water System senior to the Series 2020 Installment Payments. The Agency may incur additional obligations payable from Net Revenues of the Water System on a parity with the Series 2020 Installment Payments, subject to the terms and conditions described under the caption "SECURITY FOR THE 2020 BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations."

No Reserve Fund. No reserve fund has been created or will be funded with respect to the 2020 Bonds.

Redemption. The 2020 Bonds are subject to optional, mandatory and extraordinary redemption as described herein. See the caption "THE 2020 BONDS—Redemption."

Outstanding Obligations of the Agency. Following the issuance of the 2020 Bonds, the Castaic Lake Water Agency Revenue Certificates of Participation, Series 1999A (Water System Improvement Project) (the "1999 Certificates"), which are outstanding in the principal amount of approximately \$77,339,062.45 (adjusted for the accreted value of certain capital appreciation certificates as of August 1, 2020) and the Authority's Revenue Bonds, Taxable Series 2018A (the "2018A Bonds"), currently outstanding in the aggregate principal amount of \$26,735,000, will remain outstanding. The Agency revenues pledged to the payment of the installment payments securing the 1999 Certificates and the 2018A Bonds consist primarily of the facility capacity fees, the 1% *ad valorem* property taxes allocated to the Agency by the Counties and certain other revenues. The Agency's retail water sales revenues are not pledged to the payment of the installments payments under the 1999 Installment Purchase Agreement or the Installment Payments under the 2018A Installment Purchase Agreement. See Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY" under the caption "—Outstanding Obligations—Senior Wholesale Water System Obligations."

Under the Installment Purchase Agreement, any 1% *ad valorem* property taxes allocated to the Agency by the Counties are applied first to the payment of the installments payments due under the 1999 Installment Purchase Agreement, and then to the payment of the Installment Payments due under the 2018A Installment Purchase Agreement. Any 1% *ad valorem* property tax revenues in excess of the amounts necessary to pay such installment payments will be available for the payment of the Series 2020 Installment Payments. Any facility capacity fees are required under the Installment Purchase Agreement to be applied first to the payment of the installment payments under the 1999 Installment Purchase Agreement. Any facility capacity fees remaining following such payments will be available to pay the Series 2020 Installment Payments and the 2018A Installment Payments on a parity basis.

The Agency expects to pay the installment payments under the 1999 Installment Purchase Agreement and the Installment Payments under the 2018A Installment Purchase Agreement from amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency. See “Appendix A—“INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY” under the caption “—Outstanding Obligations—Senior Wholesale Water System Obligations.”

The Agency and the Service Area. The Agency is located in the northwestern portion of the County, approximately 35 miles from downtown Los Angeles. The service area of the Agency (the “Service Area”) has a population of approximately 273,000, and covers an area of approximately 195 square miles. The majority of the Service Area is located in the County, and includes the City of Santa Clarita (the “City”) and other nearby communities. Approximately 20 square miles of the Service Area extend into unincorporated rural portions of Ventura County. See Appendix A—“INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY” under the caption “The Service Area.”

The Agency has four main sources of water for the Water System: (1) water purchased from the State Water Project, (2) groundwater pumped from the groundwater basin underlying the Agency, (3) other supplemental water purchases, and (4) recycled water. In calendar year 2019, the Agency had total water production of 59,648 acre feet, approximately 17,118 acre feet of which was from local groundwater, approximately 42,072 acre feet of which was imported and purchased under an agreement with the Department of Water Resources (“DWR”) under the State Water Project, an agreement with Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District (the “BVWSD RRBWSD Acquisition Agreement”) and the Yuba Water Accord, and approximately 458 acre feet of which was recycled water. See Appendix A—“INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY” under the caption “WATER SUPPLY.”

The Authority. The Authority is a joint exercise of powers agency organized under the provisions of State law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State (the “Act”) and a Joint Exercise of Powers Agreement, dated as of June 1, 2011, as amended and restated pursuant to the Amended and Restated Joint Exercise of Powers Agreement, dated as of April 1, 2018, each by and between the Agency and the Devil’s Den Water District (the “Joint Powers Agreement”), by and between the Agency and the Devil’s Den Water District, a California Water District (“DDWD”), to provide for the financing and refinancing of capital improvement projects of the Agency or DDWD and to finance working capital for the Agency or DDWD by exercising the powers referred to in the Joint Powers Agreement, and any other transaction authorized by law. Under the Act and the Joint Powers Agreement, the Authority has the power to issue bonds to pay the costs of public capital improvements and to refund outstanding debt. See the caption “THE AUTHORITY.” The Board of Directors of DDWD is elected by DDWD landowners based upon the assessed valuation of land within DDWD. The Agency owns land representing approximately 96% of the assessed valuation within DDWD.

Professionals Involved in the Offering. U.S. Bank National Association will act as Trustee with respect to the 2020 Bonds. The 2020 Bonds are offered when, as and if issued, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriters by its counsel, Gilmore & Bell, P.C., for the Authority by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Special Counsel, and for the Agency by Best Best & Krieger LLP, Riverside, California, General Counsel to the Agency, and for the Trustee by its counsel. See the caption “CERTAIN LEGAL MATTERS.”

Fieldman, Rolapp & Associates, Inc. is acting as municipal advisor to the Agency. See the caption, “MUNICIPAL ADVISOR.”

Other Information About this Official Statement. There follows in this Official Statement (and attached appendices) a brief description of the 2020 Bonds, the security for the 2020 Bonds, the Agency, the

Authority and certain other information material to the issuance of the 2020 Bonds and investment considerations. The descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document.

All capitalized terms used herein and not normally capitalized have the meanings assigned to them in the Indenture and the Installment Purchase Agreement, the summaries of which are included in Appendix C, unless otherwise stated in this Official Statement.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

THE FINANCING PLAN

The Project

The Agency expects to apply a portion of the proceeds of the 2020A Bonds to finance and reimburse the Agency for costs of the acquisition of certain capital improvements to the Agency's Water System, including the Castaic Conduit, the Foothill Feeder Connection, the Honby Parallel, the Magic Mountain Reservoir, the Earl Schmidt Filtration Plant, extraction facilities, treatment facilities, distribution facilities, recycled water facilities, upgrades to pipelines, installation of solar panels and improvements to certain wells (together, the "Project").

Environmental approvals for the Project have been prepared or are being prepared. No proceeds of the 2020A Bonds will be expended on any component of the Project for which environmental approval is required prior to compliance with such approval. The Agency expects that substantially all 2020A Bond proceeds deposited in the Acquisition Fund under the Installment Purchase Agreement will be expended within three years.

Refunding of the Refunded Obligations

Refunded 2010A Certificates. The Refunded 2010A Certificates, which are currently outstanding in the aggregate principal amount of \$45,340,000, were executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2006 (the "2010A Trust Agreement"), by and among the Agency (successor to Castaic Lake Water Agency), the Corporation and U.S. Bank National Association, as trustee (the "2010 Trustee").

The Refunded 2010A Certificates are payable from installment payments (the "2010A Installment Payments") made by the Agency under the Installment Purchase Contract, dated as of May 1, 2006 (the "2010A Installment Purchase Agreement"), by and between the Agency and the Corporation. The Agency plans to apply a portion of the proceeds of the 2020A Bonds, together with certain other available moneys: (i) to pay on August 1, 2020, principal of and interest with respect to the Refunded 2010A Certificates due on such date and (ii) to pay on August 1, 2020 the prepayment price (100% of the principal amount) of the Refunded 2010A Certificates maturing on and after August 1, 2021, without premium.

Under an Escrow Agreement (Series 2010A), dated as of February 1, 2020 (the "2010A Escrow Agreement"), by and between the Agency and the 2010 Trustee, as escrow agent, the Agency will deliver a portion of the proceeds of the 2020 Bonds and certain other available moneys to the 2010 Trustee for deposit in the escrow fund established under the 2010A Escrow Agreement (the "2010A Escrow Fund"). The 2010 Trustee will invest a portion of the amounts deposited in the 2010A Escrow Fund in federal securities as permitted by the 2010A Trust Agreement. From the maturing principal of the federal securities and the other amounts held in the 2010A Escrow Fund, the 2010 Trustee will pay the prepayment price on the August 1, 2020.

Sufficiency of the deposits in the 2010A Escrow Fund for such purposes will be verified by Robert Thomas, CPA, LLC (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the 2010A Escrow Agreement, the Refunded 2010A Certificates will be defeased pursuant to the provisions of the 2010A Installment Purchase Agreement and the 2010A Trust Agreement as of the date of issuance of the 2020A Bonds.

Refunded 2015A Bonds. The Refunded 2015A Bonds, which are currently outstanding in the aggregate principal amount of \$54,940,000, were issued pursuant to an Indenture of Trust, dated as of November 1, 2011 (the "2015A Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "2015 Trustee").

The Refunded 2015A Bonds are payable from installment payments (the "2015A Installment Payments") made by the Agency under the Installment Purchase Contract, dated as of November 1, 2011 (the "2015A Installment Purchase Agreement"), by and between the Agency and the Authority. The Agency plans to apply a portion of the proceeds of the 2020B Bonds, together with certain other available moneys: (i) to pay the principal of and interest on the Refunded 2015A Bonds coming due on and before August 1, 2025 and (ii) to pay on August 1, 2025 the redemption price (100% of the principal amount) of the Refunded 2015A Bonds maturing on and after August 1, 2026, without premium.

Under an Escrow Agreement (Series 2015A), dated as of February 1, 2020 (the "2015A Escrow Agreement"), by and between the Agency and the 2015 Trustee, as escrow agent, the Agency will deliver a portion of the proceeds of the 2020B Bonds and certain other available moneys to the 2015 Trustee for deposit in the escrow fund established under the 2015A Escrow Agreement (the "2015A Escrow Fund"). The 2015 Trustee will invest a portion of the amounts deposited in the 2015A Escrow Fund in federal securities as permitted by the 2015A Indenture. From the maturing principal of the federal securities and the other amounts held in the 2015A Escrow Fund, the 2015 Trustee will pay (i) the principal of and interest on the Refunded 2015A Bonds coming due on and before August 1, 2025 and (ii) on August 1, 2025 the redemption price of the Refunded 2015A Bonds maturing on and after August 1, 2026, without premium.

Sufficiency of the deposits in the 2015A Escrow Fund for such purposes will be verified by Verification Agent. Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the 2015A Escrow Agreement, Refunded 2015A Bonds will be defeased pursuant to the provisions of the 2015A Installment Purchase Agreement and the 2015A Indenture as of the date of issuance of the 2020B Bonds.

Refunded 2016A Bonds. The Refunded 2016A Bonds, which are currently outstanding in the aggregate principal amount of \$50,670,000, were issued pursuant to an Indenture of Trust, dated as of January 1, 2016 (the "2016A Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "2016 Trustee").

The Refunded 2016A Bonds are payable from installment payments (the "2016A Installment Payments") made by the Agency under the Installment Purchase Contract, dated as of January 1, 2016 (the "2016A Installment Purchase Agreement"), by and between the Agency and the Authority. The Agency plans to apply a portion of the proceeds of the 2020B Bonds, together with certain other available moneys: (i) to pay the principal of and interest on the Refunded 2016A Bonds coming due on and before August 1, 2026 and (ii) to pay on August 1, 2026 the redemption price (100% of the principal amount) of the Refunded 2016A Bonds maturing on and after August 1, 2027, without premium.

Under an Escrow Agreement (Series 2016A), dated as of February 1, 2020 (the "2016A Escrow Agreement"), by and between the Agency and the 2016 Trustee, as escrow agent, the Agency will deliver a portion of the proceeds of the 2020B Bonds and certain other available moneys to the 2016 Trustee for deposit in the escrow fund established under the 2016A Escrow Agreement (the "2016A Escrow Fund"). The 2016 Trustee will invest a portion of the amounts deposited in the 2016A Escrow Fund in federal securities as

permitted by the 2016A Indenture. From the maturing principal of the federal securities and the other amounts held in the 2016A Escrow Fund, the 2016 Trustee will pay (i) the principal of and interest on the Refunded 2016A Bonds coming due on and before August 1, 2026 and (ii) on August 1, 2026 the redemption price of the Refunded 2016A Bonds maturing on and after August 1, 2027, without premium.

Sufficiency of the deposits in the 2016A Escrow Fund for such purposes will be verified by Verification Agent. Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the 2016A Escrow Agreement, Refunded 2016A Bonds will be defeased pursuant to the provisions of the 2016A Installment Purchase Agreement and the 2016A Indenture as of the date of issuance of the 2020B Bonds.

Refunded 2017A Bonds. The Refunded 2017A Bonds, which are currently outstanding in the aggregate principal amount of \$44,930,000, were issued pursuant to an Indenture of Trust, dated as of August 1, 2017 (the “2017A Indenture” and, together with the 2010A Trust Agreement, the 2015A Indenture and the 2016A Indenture, the “Prior Agreements”), by and between the Authority and U.S. Bank National Association, as trustee (the “2017 Trustee”).

The Refunded 2017A Bonds are payable from installment payments (the “2017A Installment Payments”) made by the Agency under the Installment Purchase Contract, dated as of August 1, 2017 (the “2017A Installment Purchase Agreement”), by and between the Agency and the Authority. The Agency plans to apply a portion of the proceeds of the 2020B Bonds, together with certain other available moneys: (i) to pay the principal of and interest on the Refunded 2017A Bonds coming due on and before August 1, 2027 and (ii) to pay on August 1, 2027 the redemption price (100% of the principal amount) of the Refunded 2017A Bonds maturing on and after August 1, 2028, without premium.

Under an Escrow Agreement (Series 2017A), dated as of February 1, 2020 (the “2017A Escrow Agreement”), by and between the Agency and the 2017 Trustee, as escrow agent, the Agency will deliver a portion of the proceeds of the 2020B Bonds and certain other available moneys to the 2017 Trustee for deposit in the escrow fund established under the 2017A Escrow Agreement (the “2017A Escrow Fund”). The 2017 Trustee will invest a portion of the amounts deposited in the 2017A Escrow Fund in federal securities as permitted by the 2017A Indenture. From the maturing principal of the federal securities and the other amounts held in the 2017A Escrow Fund, the 2017 Trustee will pay (i) the principal of and interest on the Refunded 2017A Bonds coming due on and before August 1, 2027 and (ii) on August 1, 2027 the redemption price of the Refunded 2017A Bonds maturing on and after August 1, 2028, without premium.

Sufficiency of the deposits in the 2017A Escrow Fund for such purposes will be verified by Verification Agent. Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the 2017A Escrow Agreement, Refunded 2017A Bonds will be defeased pursuant to the provisions of the 2017A Installment Purchase Agreement and the 2017A Indenture as of the date of issuance of the 2020B Bonds.

Verification of Mathematical Computations

Upon the issuance of the 2020 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to: (a) the adequacy of the moneys deposited in the 2010A Escrow Fund to pay the principal of and interest with respect to the Refunded 2010A Certificates maturing on August 1, 2020 and the prepayment price of the Refunded 2010A Certificates maturing after August 1, 2020; (b) the adequacy of the moneys deposited in the 2015A Escrow Fund to pay the principal of and interest on the Refunded 2015A Bonds coming due on and before August 1, 2025 and the redemption price of the Refunded 2015A Bonds maturing after August 1, 2025; (c) the adequacy of the moneys deposited in the 2016A Escrow Fund to pay the principal of and interest on the Refunded 2016A Bonds coming due on and before August 1, 2026 and the redemption price of the Refunded 2016A Bonds maturing after August 1, 2026; (d) the adequacy of the

moneys deposited in the 2017A Escrow Fund to pay the principal of and interest on the Refunded 2017A Bonds coming due on and before August 1, 2027 and the redemption price of the Refunded 2017A Bonds maturing after August 1, 2027; and (e) the computations of yield of the 2020A Bonds which support Bond Counsel's opinion that the interest on the 2020A Bonds is excluded from gross income for federal income tax purposes.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2020 Bonds are set forth below.

**Table 1
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
Estimated Sources and Uses of Funds**

	<u>2020A Bonds</u>	<u>2020B Bonds</u>
Sources		
Principal Amount of 2020 Bonds	\$	\$
[Plus][Less] [Net] Original Issue [Premium][Discount]		
Amounts Released From Funds and Accounts Held Under the Prior Agreements		
Agency Contribution		
TOTAL	<u>\$</u>	<u>\$</u>
Uses		
Deposit to Acquisition Fund	\$	\$
Escrow Funds		
Costs of Issuance ⁽¹⁾		
TOTAL	<u>\$</u>	<u>\$</u>

⁽¹⁾ Includes fees for the Trustee and Escrow Agent, Municipal Advisor's fees, legal fees, verification agent fees, printing costs, rating agency fees, underwriter's discount and other costs of delivery.

THE 2020 BONDS

Terms of the 2020 Bonds

The 2020 Bonds will be issued in the aggregate principal amount of \$_____* and will be dated as of the date of issuance. Interest on the 2020 Bonds is payable by check or draft of the Trustee mailed by first class mail on each February 1 and August 1, commencing on February 1, 2021 (each an "Interest Payment Date"). The principal of and premium, if any, and interest on the 2020 Bonds is payable in lawful money of the United States of America. Such amounts will be paid by the Trustee on the applicable payment dates by check mailed by the Trustee to the respective Owners thereof on the applicable Interest Payment Date at their addresses as they appear as of the close of business on the fifteenth day of the calendar month preceding the Interest Payment Date (the "Record Date") in the registration books kept by the Trustee, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of 2020 Bonds, upon the written request of such Owner to the Trustee at least two Business Days before the Record Date, specifying the account or accounts in the United States to which such payment will be made, such payments will be made by wire transfer of immediately available funds on the applicable payment date following such Record Date. Any request referred to in the preceding sentence will remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. When a Book-Entry System is in effect, interest may be paid by wire transfer in accordance with mutually satisfactory arrangements between the Trustee and the Securities

* Preliminary, subject to change.

Depository. Principal and interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfers payable in such money. Interest on the 2020 Bonds will accrue at the rates per annum and will mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the 2020 Bonds will be computed based on a 360-day year based on twelve 30-day months. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

Principal of the 2020 Bonds is payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee in St. Paul, Minnesota.

Redemption of Bonds

Optional Redemption. In accordance with the Indenture, the 2020 Bonds maturing on or after August 1, 20__ are subject to optional redemption, in whole or in part, at any time on and after August 1, 20__ in the order directed by the Agency in a written request to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity, in integral multiples of \$5,000 from any source of available funds provided to the Authority by or at the discretion of the Agency at a Redemption Price equal to the principal amount of the 2020 Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Optional Redemption of 2020B Bonds with Make-Whole Payments. The 2020B Bonds will be subject to redemption prior to August 1, 20__ at the option of the Agency, as a whole or in part on any Business Day in the order of maturity as directed by the Agency in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to 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, at the "Series 2020B Make-Whole Redemption Price."

The "Series 2020B Make-Whole Redemption Price," is the greater of (1) 100% of the principal amount of the 2020B Bonds being redeemed; and (2) the sum of the present values of the remaining unpaid scheduled payments of principal and interest on any 2020B Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid to the date of redemption, discounted to the redemption date on a semi-annual basis, (assuming a 360-day year consisting of twelve 30-day months), at the Comparable Treasury Yield (as defined below) plus the following make-whole call spread for the 2020B Bonds maturing on the dates set forth below, accrued and unpaid interest on the 2020B Bonds to be redeemed on the redemption:

***Maturity Date
(August 1)***

***Make-Whole Call Spread
(Basis Points)***

For purposes of calculating the Make-Whole Price with respect to the optional make-whole redemption of the 2020B Bonds, the following terms shall have the following meanings:

“Calculation Agent” means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the Authority (which may be one of the institutions that served as an underwriter for 2020B Bonds).

“Comparable Treasury Issue” means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the 2020B Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2020B Bonds being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2020B Bond or portion thereof is being redeemed, either: (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations or (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the Authority.

“Comparable Treasury Yield” means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2020B Bond being redeemed. The Comparable Treasury Yield will be determined at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the Authority. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2020B Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the 2020B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2020B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) assuming a price for the Comparable Treasury Issue equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the 2020B Bonds Bonds) appointed by the Authority and reasonably acceptable to the Calculation Agent.

Redemption from Net Proceeds. The 2020 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 by the Agency in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid 2020 Installment Payments made by the Agency from Net Proceeds, upon the terms and

conditions of, and as provided for in, Section 7.1 of the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

Mandatory Redemption. The 2020A Bonds with stated a maturity 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 and represented thereby to the date fixed for redemption, without premium, in accordance with the following schedule:

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

*

* Final Maturity.

The 2020B Bonds with stated a maturity 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 and represented thereby to the date fixed for redemption, without premium, in accordance with the following schedule:

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

*

* Final Maturity.

Extraordinary Redemption from Insurance or Eminent Domain Proceeds. The 2020 Bonds are 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 by the Agency in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Installment Payments made by the Agency from Net Proceeds, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

Notice of Redemption

The Agency will notify the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee) prior to the redemption date for 2020 Bonds pursuant to the Indenture. Notice of redemption will be mailed by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) to the respective Owners of any 2020 Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail; (ii) to the Securities Depository by facsimile and by first-class mail; and (iii) to the Information Services by first-class mail. Notice of redemption will be given in the form and in accordance with the terms of the Indenture.

Each such notice of redemption will state the date of notice, the redemption date, the place or places of redemption and the redemption price, will designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be redeemed, the serial numbers of the 2020 Bonds of such maturity to be redeemed by giving the individual number of each 2020 Bond or by stating that all 2020 Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2020 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said 2020 Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2020 Bond to be redeemed in part only, together with interest accrued with respect thereto 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 ceases to accrue, and will require that such 2020 Bond be then surrendered to the Trustee. Any failure to receive such notice or any defect in the notice or the mailing will not affect the validity of the redemption of any 2020 Bond.

Selection of Bonds for Redemption

If any 2020 Bond is in a denomination larger than a minimum Authorized Denomination, a portion of such 2020 Bonds (the minimum Authorized Denomination or any integral multiple thereof) may be redeemed pursuant to the Indenture, in which case the Trustee will, without charge to the Owner, authenticate and issue a replacement 2020 Bond or 2020 Bonds for the unredeemed portion thereof.

In the case of a partial redemption of 2020A Bonds, the Trustee will select the 2020A Bonds to be redeemed by lot at such times as directed by the Agency in writing at least 30 days prior to the redemption date and if such selection is more than 60 days before a redemption date, will appropriately identify the 2020A Bonds so called for redemption by stamping them at the time any 2020A Bonds so selected for redemption is presented to the Trustee for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Trustee, and any 2020A Bond or 2020A Bonds issued in exchange for, or to replace, any 2020A Bond so called for prior redemption will likewise be stamped or otherwise identified.

In the case of a partial redemption of 2020B Bonds, if the 2020B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2020B Bonds, if less than all of the 2020B Bonds of a maturity are called for prior optional redemption, the particular 2020B Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the 2020B Bonds are held in book-entry form, the selection for redemption of such 2020B Bonds will be made in accordance with the operational arrangements of DTC then in effect and if the DTC operational arrangements do not allow redemption on a Pro Rata Pass Through Distribution of Principal basis, the 2020B Bonds will be selected for redemption in accordance with DTC procedures by lot and in integral multiples of \$5,000.

Partial Redemption of Bonds

Upon surrender of any 2020 Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Agency, a new 2020 Bond of Authorized Denominations, and of the same Maturity Date and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2020 Bond surrendered.

Effect of Redemption of Bonds

If notice of redemption has been duly given pursuant to the Indenture, and money for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2020 Bonds (or portions thereof) so called for redemption is held by the Trustee, on the redemption date designated in such notice, the 2020 Bonds (or portions thereof) so called for redemption will become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the date fixed for redemption, interest

on the 2020 Bonds so called for redemption will cease to accrue, the 2020 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of the 2020 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest. Any defect as failure to receive notice will not affect the sufficiency of the proceedings of redemption. All 2020 Bonds redeemed pursuant to the provisions of the Indenture will be cancelled upon surrender thereof and destroyed.

Book-Entry Only System

One fully-registered 2020 Bond for each maturity will be issued in the principal amount of such 2020 Bond. Such 2020 Bonds will be registered in the name of Cede & Co. and will be deposited with DTC.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2020 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The Agency cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the 2020 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix E hereto for additional information concerning DTC.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2020 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2020 Bond for cancellation at the Principal Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any 2020 Bond or 2020 Bonds are surrendered for transfer, the Trustee will authenticate and deliver a new 2020 Bond or 2020 Bonds of the same series and maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new 2020 Bond authenticated and delivered upon any transfer. The Trustee may require the payment by any 2020 Bond Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2020 Bonds the Trustee will cancel and destroy the 2020 Bonds it has received.

The 2020 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of 2020 Bonds of other authorized denominations of the same series and maturity. The Trustee may charge a sum for each new 2020 Bond authenticated and delivered upon any exchange except in the case of any exchange of temporary 2020 Bonds for definitive 2020 Bonds. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2020 Bonds, the Trustee will cancel and destroy the 2020 Bonds it has received.

The Trustee is not required to register the exchange or transfer pursuant to the Indenture, of any 2020 Bond: (i) within 15 days preceding selection of 2020 Bonds for redemption; or (ii) selected for redemption.

Debt Service Schedule

Set forth on the following page is a table of the annual Series 2020 Installment Payments and the debt service evidenced by the Parity Obligations and the Senior Obligations.

Table 2
SANTA CLARITA VALLEY WATER AGENCY
Installment Payment Schedule

Fiscal Year	Senior Outstanding Obligations ⁽¹⁾	Series 2020A Installment Payments			Series 2020B Installment Payments			2018A Installment Payments	Total Debt Service
		Principal	Interest	Total	Principal	Interest	Total		
2020	\$ --	\$	\$	\$		\$	\$	\$ 976,975	\$
2021	--							976,975	
2022	10,445,000							976,975	
2023	10,445,000							976,975	
2024	10,445,000							1,618,038	
2025	10,445,000							1,614,541	
2026	10,445,000							1,614,706	
2027	10,445,000							1,613,856	
2028	10,445,000							1,616,875	
2029	10,445,000							1,613,281	
2030	10,445,000							1,613,016	
2031	10,445,000							1,616,353	
2032	--							1,613,244	
2033	--							1,613,669	
2034	--							1,617,397	
2035	--							1,613,831	
2036	--							1,613,488	
2037	--							1,616,738	
2038	--							1,613,581	
2039	--							1,614,019	
2040	--							1,617,163	
2041	--							1,612,988	
2042	--							1,617,069	
2043	--							1,614,309	
2044	--							1,614,709	
2045	--							1,613,172	
2046	--							1,614,600	
2047	--							1,613,897	
2048	--							1,615,966	
2049	--							1,615,709	
2050	--							--	
2051	--							--	
TOTAL	\$104,450,000	\$	\$	\$	\$	\$	\$	\$45,894,115	\$

⁽¹⁾ Includes installment payments under the 1999 Installment Purchase Agreement representing the accreted value of the 1999 Certificates. Such installment payments are expected to be paid from amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency. See Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY" under the caption "Outstanding Obligations."

⁽²⁾ Includes interest payments due the Installment Payments under the 2018A Installment Purchase Agreement. Such installment payments are expected to be paid from amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency. See Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY" under the caption "Outstanding Obligations."

SECURITY FOR THE 2020 BONDS

General

Pursuant to the Indenture, the Authority, for good and valuable consideration, has unconditionally granted, transferred and assigned to the Trustee without recourse all its rights to receive the Revenues (as defined in the Indenture) and to enforce the Installment Purchase Agreement, upon an event of default thereunder for the benefit of the Owners of the 2020 Bonds, for the purpose of securing: (a) the payment of all sums due and owing to the Owners of the 2020 Bonds under the terms of the Indenture; and (b) the observance, performance and discharge of each agreement, condition, covenant and term of the Agency contained in the Installment Purchase Agreement.

The 2020 Bonds are limited obligations of the Authority. The 2020 Bonds are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Revenues consist primarily of Series 2020 Installment Payments received from the Agency pursuant to the Installment Purchase Agreement.

The 2020 Bonds do not constitute a charge against the general credit of the Authority. The 2020 Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Installment Purchase Agreement and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the 2020 Bonds. The Authority has no taxing power. The 2020 Bonds do not constitute a debt, liability or obligation of the State or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State constitutional or statutory provision.

Water System Revenue Pledge

All Revenues of the Water System, the Revenue Fund, the Rate Stabilization Fund and all amounts on deposit in such funds have been irrevocably pledged by the Agency to the payment of the Series 2020 Installment Payments as provided in the Installment Purchase Agreement, subject however, to the pledge thereon securing Senior Obligations now in existence, and the Revenues of the Water System will not be used for any other purpose while any of the Series 2020 Installment Payments remain unpaid; provided that out of the Water System Revenues and amounts on deposit in the Revenue Fund and the Rate Stabilization Fund, there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. Such pledge, together with the pledge created by all other Contracts and Bonds, constitutes a second lien on Revenues of the Water System, the Revenue Fund and the Rate Stabilization Fund and all amounts on deposit therein as permitted in the Installment Purchase Agreement subordinate to the pledge securing Senior Obligations now in existence and subject to the application of Revenues of the Water System in accordance with the terms of the Installment Purchase Agreement.

The obligation of the Agency to make the Series 2020 Installment Payments is a special obligation of the Agency payable solely from Net Revenues (as described below) of the Water System, and does not constitute a debt of the Agency or of the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The obligation of the Agency to make the Series 2020 Installment Payments is absolute and unconditional, and until such time as the Purchase Price has been paid in full (or provision for the payment thereof has been made pursuant to the Installment Purchase Agreement), the Agency will not discontinue or suspend any Series 2020 Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and

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

Net Revenues available for the payment of the Series 2020 Installment Payments are the Revenues of the Water System remaining after the payment of Operation and Maintenance Costs (as defined in the Installment Purchase Agreement), amounts of the 1% *ad valorem* property taxes and facility capacity fees allocated to the Agency's obligation to make installment payments pursuant to the 1999 Installment Purchase Agreement, and amounts of the 1% *ad valorem* property taxes allocated to its obligation to make or pay Installment Payments pursuant to the 2018A Installment Purchase Agreement.

Net Revenues of the Agency DO NOT include property taxes levied by the Agency to pay costs under the State Water Contract. In addition, such State Water Project contract costs are not Operation and Maintenance Costs of the Water System. See Appendix C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions; Rules of Construction; Contents of Certificates and Opinions."

THE OBLIGATION OF THE AGENCY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE AGENCY PAYABLE SOLELY FROM NET REVENUES OF THE AGENCY'S WATER SYSTEM AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AGENCY FOR WHICH THE AGENCY IS OBLIGATED TO PAY FROM ANY OTHER AGENCY REVENUES OR TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AGENCY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE AGENCY TO MAKE THE SERIES 2020 INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE A DEBT OF THE AGENCY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Rate Stabilization Fund

The Installment Purchase Agreement continues a special fund designated as the "Rate Stabilization Fund" which was previously created and is held by the Agency in trust. The Agency has covenanted to maintain and to hold the Rate Stabilization Fund separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Money transferred by the Agency to the Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The Agency may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the Series 2020 Installment Payments are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application to the payment of the Series 2020 Installment Payments in accordance with the Installment Purchase Agreement.

Under certain circumstances, moneys received in one Fiscal Year may be required or permitted by generally accepted accounting principles applicable to governmental agencies such as the Agency to be recorded as revenue in a subsequent Fiscal Year, regardless of whether such moneys have been deposited in the Rate Stabilization Fund. See "Appendix B – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2019."

Rate Covenant

The Agency has covenanted in the Installment Purchase Agreement that in any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is less than Debt Service payable in such Fiscal Year, the Agency will fix and prescribe rates and charges for Water Service which are reasonably expected to be sufficient to yield during such Fiscal Year Net Revenues which will equal one hundred twenty percent (120%) of the Debt Service for such Fiscal Year.

The Agency has also covenanted that in any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the Debt Service payable in such Fiscal Year, the Agency will fix and prescribe such Revenues of the Water System, other than the Facility Capacity Fees or any other connection fees, that are reasonably expected to be sufficient to yield during such Fiscal Year such Revenues equal to 120% of Operation and Maintenance Costs during such Fiscal Year.

The Agency may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues or Revenues of the Water System, as the case may be, from such reduced rates and charges will at all times be sufficient to meet the requirements described in the prior paragraph.

Failure to produce Net Revenues of the Water System to equal one hundred twenty percent (120%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the Agency complies with the covenant described above. Such failure may, however, affect the ability of the Agency to issue Bonds or incur Contracts payable from Net Revenues of the Water System on a parity with the Series 2020 Installment Payments.

Limitations on Parity and Superior Obligations; Subordinate Obligations

Additional Obligations Superior to Series 2020 Installment Payments. The Agency has covenanted in the Installment Purchase Agreement that the Agency will not issue any additional evidences of indebtedness or incur other additional obligations that are payable from or secured by a pledge of and lien on Revenues of the Water System, any money in the Revenue Fund or any money in the Rate Stabilization Fund superior to the pledge securing the Series 2020 Installment Payments.

Additional Obligations on a Parity with Series 2020 Installment Payments. The Agency may issue evidences of indebtedness or incur other obligations that are payable from or secured by a pledge of and lien on Revenues of the Water System, and any money in the Revenue Fund and the Rate Stabilization Fund on a parity with the pledge securing the Series 2020 Installment Payments pursuant to the following terms and conditions:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in income, rents, fees, rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the Agency, shall demonstrate a sum equal to at least one hundred twenty

percent (120%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest date of operation of any uncompleted Parity Project financed from proceeds of such Contract or Bonds, as evidenced by a certificate on file with the Agency, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the Manager on file with the Agency, shall produce a sum equal to at least one hundred twenty percent (120%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

Notwithstanding the foregoing, (i) Bonds issued or Contracts executed to refund Bonds or Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than one hundred five percent (105%) of Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts; and (ii) Bonds issued or Contracts executed to refund Senior Obligations may be delivered without satisfying the conditions set forth above if total Debt Service and Senior Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than one hundred five percent (105%) of total Debt Service and Senior Debt Service which would have been payable in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

Subordinate Obligations. The Agency may at any time issue evidence of indebtedness or incur other obligations for any lawful purpose that are payable from and secured by a lien on Revenues or moneys in the Revenue Fund or the Rate Stabilization Fund as may from time to time be deposited therein subordinate to the Series 2020 Installment Payments.

INVESTMENT CONSIDERATIONS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2020 Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal or interest on the 2020 Bonds.

Accuracy of Assumptions

To estimate the Net Revenues which will be available to pay the Series 2020 Installment Payments, the Agency has made certain assumptions with regard to various matters, including but not limited to future development within the Agency, increases in property tax receipts and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the interest rate at which funds will be invested. The Agency believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to

pay the 2020 Bonds will, in all likelihood, be less than those projected herein. See the captions “WATER SYSTEM FINANCIAL INFORMATION—Projected Revenues, Operation and Maintenance Costs and Coverage.” See the caption “SECURITY FOR THE 2020 BONDS—Rate Covenant.”

1% *Ad Valorem* Property Tax Allocations

A portion of the Revenues securing the payment of the Series 2020 Installment Payments consists of amounts allocated by the County of Los Angeles and the County of Ventura from the 1% *ad valorem* property tax to the Agency. Pursuant to the documents under which the 1999 Certificates and 2018A Bonds were respectively delivered, the Agency has pledged such 1% *ad valorem* property tax allocations to its payment obligations with respect to the 1999 Certificates and the 2018A Bonds. Under the Installment Purchase Agreement, the 1% *ad valorem* property tax allocations are to be applied first to the payment of debt service with respect to the 1999 Certificates and the 2018A Bonds. Any 1% *ad valorem* property tax allocations in excess of the amount necessary for the payment of debt service with respect to the 1999 Certificates and the 2018A Bonds will be deposited in the Revenue Fund established under the Installment Purchase Agreement and pledged to the payment of the Series 2020 Installment Payments. Debt service with respect to the 1999 Certificates and the 2018A Bonds is expected to be paid from amounts allocated by the County of Los Angeles and the County of Ventura from the 1% *ad valorem* property tax to the Agency. There is no assurance that, following the application of the 1% *ad valorem* property tax allocations to the payment of debt service with respect to the 1999 Certificates and the 2018A Bonds, there will be any amounts of such funds remaining to apply to the payment of the Series 2020 Installment Payments. See Appendix C—“DEFINITIONS AND SUMMARY OF THE INDENTURE” under the caption “Definitions—Net Revenues.”

In addition, there can be no assurance that the actual amount of 1% *ad valorem* property tax allocated to the Agency will occur as described in this Official Statement. Factors, including, but not limited to, an economic downturn, natural disasters and an increase in foreclosures on real property in the boundaries of the Agency, among others, may have an adverse impact on the assessed value of taxable property within the boundaries of the Agency, and, consequently, on the amount of 1% *ad valorem* property taxes allocated to the Agency. See “- COVID-19 Pandemic” below for a discussion of the potential impact of the COVID-19 pandemic on Revenues, including the 1% *ad valorem* property tax allocated to the Agency. The treasurer-tax collectors of Los Angeles and Ventura Counties have each adopted policies pursuant to which the treasurer-tax collector of such county may consider waiving fees and penalties levied on a taxpayer who failed to make the property tax installment due on April 10, 2020 by such date due to reasons related to the COVID-19 pandemic. For a further discussion of these policies, see the caption “THE WATER SYSTEM – Agency Revenue Derived from Property Taxes” in Appendix A of this Official Statement.

Facility Capacity Fees

Another component of the Revenues securing the payment of the Series 2020 Installment Payments is certain facility capacity fees charged in connection with new development undertaken within the Service Area. Pursuant to the documents under which the 1999 Certificates and 2018A Bonds were respectively delivered, the Agency has pledged such facility capacity fees to its payment obligations with respect to the 1999 Certificates and the 2018A Bonds. Under the Installment Purchase Agreement, the facility capacity fees are to be applied first to the payment of debt service with respect to the 1999 Certificates. Any facility capacity fees remaining following the payment of debt service with respect to the 1999 Certificates will be available for the payment of the Series 2020 Installment Payments on a parity basis with the payment of the 2018A Installment Payments. There is no assurance that, following the application of the facility capacity fees to the payment of debt service with respect to the 1999 Certificates, there will be any amounts of such funds remaining to apply to the payment of the Series 2020 Installment Payments. See Appendix C—“DEFINITIONS AND SUMMARY OF THE INDENTURE” under the caption “Definitions—Net Revenues.”

There can be no assurance that facility capacity fee income will be in the amounts estimated in this Official Statement. Failure of development activity to increase in the Service Area could have an adverse

impact upon the collection of facility capacity fees. Development in the Service Area is influenced by a number of factors including economic activity in the region, availability of financing for development and costs of construction materials, in addition to other factors. See “- COVID-19 Pandemic” below for a discussion of the potential impact of the COVID-19 pandemic on Revenues, including the facility capacity fees.

Rate Covenant Not a Guarantee

The Series 2020 Installment Payments are payable from Net Revenues. See “SECURITY FOR THE 2020 BONDS.” The Agency’s ability to pay the Series 2020 Installment Payments depends on its ability to generate Net Revenues at the levels required by the Installment Purchase Agreement. Although the Agency has covenanted in the Installment Purchase Agreement to impose rates and charges as more particularly described under the caption “SECURITY FOR THE 2020 BONDS—Rate Covenant” and expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in the amounts required by the Installment Purchase Agreement. No assurance can be made that Net Revenues, estimated or otherwise, will be realized by the Agency in amounts sufficient to pay the Series 2020 Installment Payments. Among other matters, the availability of and demand for water services, and changes in law and government regulations could adversely affect the amount of revenues realized by the Agency.

System Demand

There can be no assurance that the demand for Water Service will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE 2020 BONDS—Rate Covenant.” Demand for Water Service could be reduced or may not occur as projected by the Agency as a result of reduced levels of development in the Agency’s Service Area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors.

System Expenses

There can be no assurance that the Agency’s expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with hydrological conditions, the quality and amount of water supplies, the quality and treatment requirements of water, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. See Appendix A—“INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY—WATER SUPPLY.” Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE 2020 BONDS—Rate Covenant.”

Limited Recourse on Default

If the Agency defaults on its obligation to pay the Series 2020 Installment Payments, the Trustee has the right to declare the total unpaid principal amount of the Series 2020 Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the Agency will have sufficient funds to pay such accelerated amounts from Net Revenues. As discussed in “- 1% *Ad Valorem* Property Tax Allocations” and “- Facility Capacity Fees” above, amounts allocated by the County of Los Angeles and the County of Ventura from the 1% *ad valorem* property tax to the Agency and certain facility capacity fees charged in connection with new development undertaken within the Service Area will only be available for the payment of Series 2020 Installment Payments following the application of the property tax allocation and facility capacity fees to the payment of debt service with respect to the 1999 Certificates and the 2018A Bonds.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the Agency, including the application of amounts allocated by the County of Los Angeles and the County of Ventura from the 1% *ad valorem* property tax to the Agency held in the 1% Property Tax Account, may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2020 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2020 Bonds will be similarly qualified. See Appendix C. In the event that the Agency fails to comply with its covenants under the Installment Purchase Agreement or fails to pay the Series 2020 Installment Payments, which secure the payments of principal and interest on the 2020 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2020 Bonds.

Natural Disasters and Seismic Considerations

General. The Agency, like all southern California communities, is subject to unpredictable seismic activity, fires, floods, high winds, landslides or other natural disasters. A severe natural disaster, such as an earthquake, fire, flood, high wind event or landslide, could result in substantial damage to the Agency, including the Water System.

Although the Agency maintains insurance, including flood insurance for certain of its facilities, for damage to the Water System as described in Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY—Insurance," there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers. Furthermore, significant portions of the Water System, including underground pipelines and manhole covers, are not covered by property casualty insurance. Damage to such portions of the Water System as a result of natural disasters could result in uninsured losses to the Agency.

Seismic Activity. The Agency is located in a seismically active region. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the Agency, including the Water System. The Agency has an emergency response plan that would be implemented under such circumstances.

Newer Water System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. In addition, certain older water tanks have been retrofitted to withstand earthquakes with minimal damage. The Agency has also undertaken a vulnerability assessment of critical Water System facilities. The vulnerability assessment ranks Agency infrastructure by importance, builds redundancy into existing operations and includes contingency plans in the event of damage to Agency assets. The impact of lesser magnitude events is expected by the Agency to be temporary, localized and repairable. In 1994, as a result of the magnitude 6.7 Northridge earthquake, certain of the Agency's tanks were damaged and certain portions of the Agency's Service Area were without water for a period of up to two weeks. Outside of the damage and service disruption caused by the Northridge

earthquake, the Water System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

The Agency maintains limited earthquake insurance in the amount of \$45,000,000 aggregate limit on certain Water System facilities. See Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY—Insurance."

Flooding. Portions of the Agency are mapped within the 100-year flood plain and have the potential to flood if rain events exceed the floodplain capacity. The Agency maintains insurance covering damage to the Water System caused by flooding for certain of its facilities. See Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY—Insurance" and the subcaption "—Climate Change."

Fire. Wildfires have occurred in recent years in different regions of the State. Certain of the Agency's facilities are located in areas considered by the Department of Forestry and Fire Protection of the State of California to have an elevated risk of wildfires. To mitigate the risk of wildfire and the related property damage, the Agency has certain preventative measures in place that include most Agency tanks having asphalt or concrete around the base to provide a fire barrier, as well as performing annual weed abatement at all Agency facilities. The Agency has an emergency response plan that would be implemented in the event of wildfire.

There can be no assurance that fires will not occur within the boundaries of the Agency in the future, leading to decreased usage of the Agency's Water System resulting in a decline in Net Revenues. The Agency carries property insurance for fire damage.

Drought. On April 1, 2015, for the first time in California's history, the State Governor directed the SWRCB to implement mandatory water reductions in cities and towns across California to reduce total water usage in the State by 25%. Such restrictions applied to the Agency, as described in Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY—Recent California Drought and Response." Although most of such mandatory water reductions have since been lifted, the State has since enacted permanent restrictions on water usage. There can be no assurance that future drought conditions will not re-appear in the future, leading to decreased usage of the Agency's Water System resulting in a decline in Net Revenues, or that the State's permanent water usage restrictions will not lead to decreased usage of the Agency's Water System resulting in a decline in Net Revenues.

Climate Change. Climate change, including change caused by human activities, may have adverse effects on the Agency's Water System. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. The Agency considers the potential effects of climate change in its planning.

Projections of the impacts of global climate change on the Agency are complex and depend on many factors that are outside the Agency's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, while the Agency has considered climate change in maintaining and expanding its Water System, the Agency is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the Agency's past and future investment in adaptation strategies, the Agency can give no assurance about the net effects of those strategies and whether the Agency will be required to take additional adaptive mitigation measures.

Limited Obligations

The Installment Purchase Agreement is a limited obligation of the Agency payable solely from Net Revenues and secured solely by the Revenues pledged in the Installment Purchase Agreement. If for any reason, the Agency does not collect sufficient Revenues to pay the Series 2020 Installment Payments, the Agency will not be obligated to utilize any other of its funds to pay the Series 2020 Installment Payments.

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

In February, 2020, the State Water Resources Control Board announced that it would reduce the response levels for PFOA and PFAS to 10 parts per trillion and 40 parts per trillion, respectively. This is a significant reduction from the prior response level of 70 parts per trillion for the two contaminants, combined. As of April 14, 2020, the Agency has determined that 17 of its wells contain PFOA and/or PFOS at levels that exceed the response level. The Agency has removed each of these wells from service. See Appendix A—“INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY—WATER SUPPLY—Water Quality Compliance—PFAS.” For information regarding the Agency’s sources of supply for the Water System, see Appendix A—“INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY” under the caption “WATER SUPPLY.”

Claims against the Water System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water systems such as that operated by the Agency may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the Agency. In addition to the other limitations described herein, the State electorate or Legislature could adopt a Constitutional amendment, legislation or an initiative with the effect of reducing revenues payable to or collected by the Agency. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the Agency to generate Net Revenues in amounts that are sufficient to pay the Series 2020 Installment Payments.

Parity Obligations

The Installment Purchase Agreement permits the Agency to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the Series 2020 Installment Payments, which secure the 2020 Bonds, subject to the terms and conditions set forth therein. The issuance of additional Bonds and entry into Contracts could result in reduced Net Revenues available to pay the Series 2020 Installment Payments. The Agency has covenanted to maintain coverage of at least 120% of Debt Service, as further described under the caption “SECURITY FOR THE 2020 BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations—Additional Obligations on a Parity with the Series 2020 Installment Payments.”

Loss of Tax Exemption

Interest with respect to the 2020A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date that the 2020A Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants in the Installment Purchase Agreement and Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the 2020A Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. See the caption "TAX MATTERS." Should such an event of taxability occur, the 2020A Bonds are not subject to a special prepayment and will remain outstanding until maturity.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2020 Bonds or, if a secondary market exists, that any 2020 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

COVID-19 Pandemic

The spread of the novel strain of coronavirus and the disease it causes (now known as "COVID-19") is having significant negative impacts throughout the world, including in Southern California. The World Health Organization has declared the COVID-19 pandemic to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State, including Los Angeles County and Ventura County. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of COVID-19 in the State, including Los Angeles County and Ventura County, and health officials are expecting the number of confirmed cases to grow. The United States is restricting certain non- United States citizens and permanent residents from entering the country. On March 19, 2020, in an effort to slow the spread of COVID-19, Governor Newsom issued Executive Order N-33-20 ordering individuals living in the State to stay home or at their place of residence except for specified exceptions. On March 19, 2020, the Board of Supervisors of Los Angeles County issued a similar shelter in place order requiring residents to stay in their homes, subject to certain limited exceptions. On March 20, 2020, the Board of Supervisors of Ventura County also issued a shelter in place order requiring residents to stay in their homes, subject to certain limited exceptions. On April 18, 2020, the County of Ventura modified its order to allow for some businesses to reopen and to permit gatherings of up to five people to take place. As a result of State and local actions taken to slow the spread of COVID-19, a number of businesses have had to close and other businesses, such as restaurants, have been permitted to stay open subject to certain conditions. These circumstances, among other market factors, have led to increased unemployment since the beginning of the COVID-19 pandemic in the United States. In addition, financial markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

In response to COVID-19, on April 2, 2020, Governor Newsom signed Executive Order N-42-20, which, among other things, (i) suspends the authority of water systems, such as the Agency's Water System, from suspending water service for non-payment, (ii) orders that residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020 be restored and (iii) provides that the SWRCB will identify best practices, guidelines, or both to be implemented during the COVID-19 emergency (a) to address

non-payment or reduced payments, (b) to promote and to ensure continuity of service by water systems and wastewater systems, and (c) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress. Order N-42-20 does not eliminate the obligation of water customers to pay for water service, prevent a water system, such as the Agency's Water System, from charging a customer for such service, or reduce the amount a customer already may owe to a water system, such as the Water System. In compliance with Executive Order N-42-20, the Agency has waived late fees and will not terminate service for unpaid bills until July 1, 2020.

Potential impacts to the Agency associated with the COVID-19 pandemic include, but are not limited to, increasing costs and challenges to the public health system in and around the Service Area, cancellations of public events and disruption of the regional and local economy with corresponding decreases in the Agency's water system revenues and potential declines in property values which may affect the ability or willingness of homeowners to pay property taxes, which, in turn, may impact the amount of 1% *ad valorem* property tax allocated to the Agency. Further, an economic downturn affecting the Service Area could have an adverse impact on development activities within the Service Area, which would have a corresponding adverse effect on the receipt of facility capacity fees by the Agency

The COVID-19 pandemic is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Agency is unknown and there can be no assurance that the outbreak of COVID-19 will not affect the Agency's ability to pay the Series 2020 Installment Payments, which secure the 2020 Bonds.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The Agency and its vendors employ a multi-level cyber protection scheme that includes: end-user training and education, firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering service, Payment Card Industry ("PCI") best practices and PCI annual audits. The Agency regularly analyzes the network construct for potential weaknesses in cybersecurity and thereafter, promptly implements solutions for identified shortfalls. In addition, the Agency contracts with third-party vendors to monitor and augment internal monitoring of the Agency's computer systems. To date, the Agency has not experienced an external attack on its network systems resulting in a data breach. Agency staff is regularly trained in cybersecurity awareness to spot potential scams or phishing schemes. However, there can be no assurance that a future attack or attempted attack would not result in disruption of Agency operations. The Agency expects that any such disruptions would be temporary in nature.

THE SANTA CLARITA VALLEY WATER AGENCY

Appendix A hereto presents information relating to the Agency, one of its predecessors, CLWA, and NCWD, SCWD, NWD and VWD. The Series 2020 Installment Payments are payable solely from Net Revenues of the Agency. Capitalized terms used in this Appendix A and not defined shall have the meanings set forth in the Official Statement.

CONSTITUTIONAL PROVISIONS

Article XIII B

The State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (a) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation); and (b) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The Agency is of the opinion that the rates imposed by the Agency do not exceed the costs that the Agency reasonably bears in providing water service. The Agency will covenant in the Indenture that, to the fullest extent permitted by law, it will prescribe rates and charges that it reasonably expects to be sufficient to provide Net Revenues for payment of principal of and interest on the 2020 Bonds and the Series 2020 Installment Payments in each year.

Proposition 218

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Article XIII D. Article XIII D defines the terms "fee" and "charge" to mean "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service." A "property-related service" is defined as "a public service having a direct relationship to property ownership." Article XIII D further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a

result, if and to the extent that a fee or charge imposed by a local government for water or wastewater service is ultimately determined to be a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Second District Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the California Supreme Court, it was generally believed that Article XIID did not apply to charges for metered water, which had been held to be commodity charges related to consumption of the service, not property ownership. CLWA was of the opinion that, under similar reasoning, the water rates imposed by SCWD were not subject to Article XIID. In a decision rendered in February, 2004, the California Supreme Court in *Richmond et al. v. Shasta Community Services District* (S105078) upheld a Third District Court of Appeal decision that water connection fees were not property-related fees or charges subject to Article XIID while at the same time stating in dicta that fees for ongoing water service through an existing connection were property related fees and charges. In October 2004, the California Supreme Court granted review of the decision of the Fourth District Court of Appeal in *Bighorn-Desert View Water Agency v. Beringson*, 120 Cal. App. 4th 891 (2004), in which the appellate court had relied on *Howard Jarvis Taxpayers Association v. City of Los Angeles* and rejected the Supreme Court’s dicta in *Richmond et al. v. Shasta Community Services District*. On March 23, 2005, the California Fifth District Court of Appeal held in *Howard Jarvis Taxpayers Association v. City of Fresno*, 127 Cal. App. 4th 914 (2005) that an “in lieu” fee which is payable to the City of Fresno’s general fund from its water utility and which is included in the city’s water rate structure was invalid. In reaching its decision, the court concluded that the city’s water rates were “property related” fees, governed by the limitations of Article XIID. The City of Fresno requested a review of this decision by the California Supreme Court, which denied review. On July 24, 2006 the Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*. The Court restated the dicta in *Richmond et al. v. Shasta Community Services District* that fees and charges for ongoing domestic water service through an existing connection were property related fees and charges under Article XIID. The Agency does not believe the procedural or substantive requirements of Article XIID apply to the rates and charges of its wholesale water operations. The Agency believes it is in compliance with the procedural and substantive provisions of Article XIID with respect to its rates and charges for the retail water operations.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The Agency’s water rates are described under the caption “THE WATER SYSTEM—Water System Rates and Charges” in Appendix A. The Agency does not currently expect the decision to affect its water rate structure. The Agency believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rates will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assignment,” “fee” or “charge.” On July 24, 2006, the

Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil* that the provisions of Article XIII C included rates and fees charged for domestic water use. The Supreme Court noted, however, that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations of the public agency involved in the litigation. The Agency and its general counsel do not believe that Article XIII C grants to the voters within the jurisdiction of the Agency the power to repeal or reduce its wholesale rates and charges or retail fees and charges in a manner which would be inconsistent with the statutory or contractual obligations of the legislative body of the Agency. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the 2020 Bonds. Remedies available to beneficial owners of the 2020 Bonds in the event of a default by the Agency are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the right and obligation with respect to the 2020 Bonds is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix D), will be similarly qualified.

The Agency believes that its current water rates and other property-related charges comply with the requirements of Proposition 218 and expects that any increases in current rates and charges or the adoption of any new future water rates and other property-related charges will be subject to compliance with Proposition 218's procedural and substantive requirements to the extent applicable thereto.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The Agency does not believe that the enactment of Proposition 26 affects its ability to charge for services provided by the Water System.

Future Initiatives

Articles XIII B, XIII C and XIII D were enacted by voter initiative. There can be no assurance that the voters of the State will not approve another initiative that could affect the Agency, its operations or financial condition or the Net Revenues of the Water System.

THE AUTHORITY

The Authority is a joint powers authority organized pursuant to the Joint Powers Agreement. The Joint Powers Agreement was entered into pursuant to the provisions of the Act. The Authority is governed by a board of five Directors comprised of three members appointed by the Agency and two members appointed by DDWD. The Authority was created to provide for the financing and refinancing of capital improvement projects of the Agency or DDWD and to finance working capital for the Agency or DDWD by exercising the powers referred to in the Joint Powers Agreement, and any other transaction authorized by law. Under the Act, the Authority has the power to issue bonds to assist its member agencies in the financing and refinancing of public capital improvements, or projects for the public benefit. Neither the Agency nor DDWD is responsible for repayment of the indebtedness of the other.

The Board of Directors of DDWD is elected by DDWD landowners based upon the assessed valuation of land within DDWD. The Agency owns land representing approximately 96% of the assessed valuation within DDWD. As the owner of the majority of the land within DDWD, the Agency has the ability to elect the Board of Directors of DDWD. While the Board of Directors of DDWD currently consists of members of the Agency Board, there can be no assurance that DDWD Board members will be Agency Board members in the future.

TAX MATTERS

2020A Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the 2020A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2020A Bonds is exempt from State of California personal income tax.

The difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the 2020A Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to an Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by an Owner will increase the Owner's basis in the applicable 2020A Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Owner of the 2020A Bond is excluded from gross income of such Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Owner of the 2020A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2020A Bonds is based upon certain representations of fact and certifications made by the Agency and others and is subject to the condition that the Agency complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2020A Bonds to assure that interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The Agency will covenant to comply with all such requirements.

The amount by which an Owner's original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the

Code; such amortizable bond premium reduces the Owner's basis in the applicable 2020A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in an Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner. Purchasers of the 2020A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any 2020A Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes provided that the Agency continues to comply with certain requirements of the Code, the ownership of the 2020A Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2020A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020A Bonds.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2020A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2020A Bonds might be affected as a result of such an audit of the 2020A Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2020A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds or their market value.

FOLLOWING THE ISSUANCE OF THE 2020A BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2020A BONDS OR THE MARKET VALUE OF THE 2020A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2020A BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2020A BONDS. NO ASSURANCE CAN BE GIVEN THAT FOLLOWING THE ISSUANCE OF THE 2020A BONDS, STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE 2020A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2020A BONDS.

A complete copy of the proposed opinion of Bond Counsel is set forth in Appendix D—"FORM OF OPINION OF BOND COUNSEL."

2020B Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the 2020B Bonds is exempt from State of California personal income tax.

The difference between the issue price of a 2020B Bond (the first price at which a substantial amount of the 2020B Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2020B Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the 2020B Bond Owner will increase the 2020B Bond Owner's basis in the 2020B Bond.

The amount by which a 2020B Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2020B Bond premium, which a 2020B Bond holder may elect to amortize under Section 171 of the Code; such amortizable 2020B Bond premium reduces the 2020B Bond Owner's basis in the applicable 2020B Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2020B Bond premium may result in a 2020B Bond Owner realizing a taxable gain when a 2020B Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020B Bond to the Owner. Purchasers of the 2020B Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2020B Bond premium.

In the event of a legal defeasance of a 2020B Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable 2020B Bond Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the 2020B Bond Owner's adjusted tax basis in such bond.

The federal tax and State of California personal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. The ownership and disposal of the 2020B Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2020B Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020B Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020B Bonds.

A complete copy of the proposed opinion of Bond Counsel is set forth in Appendix D—"FORM OF OPINION OF BOND COUNSEL."

CERTAIN LEGAL MATTERS

The validity of the 2020 Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix D and such legal opinion will be attached to each 2020 Bond. Bond Counsel expresses no opinion as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the 2020 Bonds and expressly disclaims any duty to advise the Owners of the 2020 Bonds as to matters related to this Official Statement.

Certain legal matters will be passed on for the Underwriter by its counsel Gilmore & Bell, P.C. ("Underwriters' Counsel"), for the Authority by Stradling, for the Agency by Best Best & Krieger LLP, Riverside, California, as General Counsel, and for the Trustee by its counsel.

Payment of the fees of Bond Counsel and Underwriter's Counsel is contingent upon issuance of the 2020 Bonds.

Bond Counsel represents the Underwriters from time-to-time on other financings and matters unrelated to the Authority or the 2020 Bonds. Bonds Counsel does not represent the Underwriters or any other party with respect to the issuance of the 2020 Bonds other than the Authority.

LITIGATION

The Authority

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2020 Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the 2020 Bonds or any action of the Authority contemplated by any of said documents.

The Agency

See Appendix A—"INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY" under the caption "Litigation" for information with respect to litigation affecting the Agency.

RATINGS

The Agency expects that S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), and Fitch Ratings ("Fitch") will assign the 2020 Bonds the ratings of "___" and "___," respectively. There is no assurance that such credit ratings given to the 2020 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P or Fitch if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2020 Bonds. Such ratings reflect only the views of S&P and Fitch and an explanation of the significance of such ratings may be obtained from S&P or Fitch, as applicable.

The Agency has covenanted in a Continuing Disclosure Certificate to file on EMMA, notices of any ratings changes on the 2020 Bonds. See the caption "CONTINUING DISCLOSURE UNDERTAKING" below and Appendix F—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to ratings changes on the 2020 Bonds may be publicly available from the rating agencies prior to such information being provided to the Agency and prior to the date the Agency is obligated to file a notice of rating change on EMMA. Purchasers of the 2020 Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2020 Bonds after the initial issuance of the 2020 Bonds.

MUNICIPAL ADVISOR

The Authority has retained Fieldman, Rolapp & Associates, Inc., Irvine, California (the "Municipal Advisor") as municipal advisor in connection with the issuance of the 2020 Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the 2020 Bonds.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The 2020 Bonds are being purchased by Citigroup Global Markets Inc., as representative of itself and the other underwriters for the 2020 Bonds listed on the cover page hereof, pursuant to a Bond Purchase Agreement, dated July __, 2020 (the "Bond Purchase Agreement"), by and between the Agency and the Underwriter. Under the Bond Purchase Agreement, the Underwriter has agreed to purchase all, but not less than all, of the 2020A Bonds for an aggregate purchase price of \$ _____ (representing the principal amount of the 2020A Bonds, less an Underwriter's discount of \$ _____, plus an original issue premium of \$ _____) and 2020B Bonds for an aggregate purchase price of \$ _____ (representing the principal amount of the 2020B Bonds, less an Underwriter's discount of \$ _____). The Bond Purchase Agreement provides that the Underwriter will purchase all of the 2020 Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover of this Official Statement may, under certain circumstances, be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2020 Bonds to certain dealers (including dealers depositing 2020 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and the Agency for which they received or will receive customary fees and expenses. In addition, certain affiliates of the Underwriter are lenders, and in some cases agents or managers for the lenders, under credit and liquidity facilities.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and the Agency.

Citigroup Global Markets Inc., an underwriter of the 2020 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Morgan Stanley & Co. LLC., an underwriter of the 2020 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2020 Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The Agency has covenanted in a Continuing Disclosure Certificate dated the date of issuance of the 2020 Bonds (the "Continuing Disclosure Certificate") to provide annually certain financial information and operating data relating to the Agency by not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2020) including the audited Financial Statements of the Agency for each such

Fiscal Year (together, the “Annual Report”), and to provide notices of the occurrence of certain other enumerated events.

The Annual Report will be filed by the Agency with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/> (“EMMA”). The notices of material events will be timely filed by the Agency with EMMA. The form of the Continuing Disclosure Certificate is attached hereto at Appendix F.

In the past five years, the Agency, and CLWA, as the predecessor to the Agency, has been subject to continuing disclosure certificates previously entered into with respect to obligations of the wholesale water system (the “Wholesale System Obligations”) and the SCWD retail system (each a “Prior Continuing Disclosure Undertaking”). Pursuant to the Prior Continuing Disclosure Undertakings, CLWA agreed to file its audited financial reports, certain operating data relevant to the respective obligations, notices of certain enumerated events and notices of the occurrence of certain other enumerated events, if material.

On August 31, 2017, CLWA filed a supplement to its annual report for its 1999 Certificates to include water production amounts on a fiscal year basis. Such amounts were previously presented in CLWA’s annual reports on a calendar year basis.

CLWA filed its Fiscal Year 2014 audited financial statements on EMMA on December 9, 2014, however, such audited financial statements were not successfully linked to the CUSIPs for the 2014 Bonds. On May 19, 2015, CLWA linked the Fiscal Year 2014 audited financial statements on EMMA to the CUSIPs for the 2014 Bonds. Certain information contained in the Agency’s annual reports for Fiscal Years 2018 and 2019 did not conform to the requirements to of the Prior Continuing Disclosure Undertakings relating to the Wholesale System Obligations.

The Agency cannot assure potential investors in the 2020 Bonds that, in the last five years, notices of changes in the ratings of the obligations of the Agency’s predecessor agencies resulting from each change in the rating of a bond insurer insuring such obligations were filed with EMMA. The Agency can confirm that the current ratings of its predecessor agencies’ obligations insured by bond insurers are on file with EMMA. Other than such ratings change notices described above, the Agency is not aware of any events in the last five years which may have required the filing of significant event notices under the Prior Continuing Disclosure Undertakings that were not filed.

As described above, the Agency believes that it is in compliance in all material respects with the Prior Continuing Disclosure Undertakings.

In order to ensure compliance by the Agency with its continuing disclosure undertakings in the future, the Board of Directors approved an updated Disclosure Procedures Policy on February 5, 2019 (the “Agency Disclosure Procedures”). Such Agency Disclosure Procedures are an update to the Disclosure Procedures Policy originally adopted in April 2018. Pursuant to the Agency Disclosure Procedures, the Treasurer is required to take steps to ensure that continuing disclosure filings are prepared and filed in a timely manner.

On February 5, 2019, the board of directors of the Authority approved a Disclosure Procedures Policy (the “Authority Disclosure Procedures”) to assist in complying with any continuing disclosure undertakings that the Authority may enter into in the future. Pursuant to the Authority Disclosure Procedures, the Treasurer of the Authority is required to take steps to ensure that continuing disclosure filings are prepared and filed in a timely manner.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation

is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2020 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

UPPER SANTA CLARA VALLEY JOINT POWERS
AUTHORITY

President

Secretary

APPENDIX A

INFORMATION RELATING TO THE SANTA CLARITA VALLEY WATER AGENCY

The following information relates to the Agency, one of its predecessors, CLWA, and NCWD, SCWD, NWD and VWD. The Series 2020 Installment Payments are payable solely from Net Revenues of the Agency. Capitalized terms used in this Appendix A and not defined shall have the meanings set forth in the Official Statement.

History and Background

The Santa Clarita Valley Water Agency (the "Agency") was formed through a statutory merger of the former Castaic Lake Water Agency ("CLWA") and Newhall County Water District ("NCWD") effected by the Agency Law (as hereinafter below). CLWA was organized on April 20, 1962 under Assembly Bill No. 26, Chapter 28, California Statutes of 1962, the Castaic Lake Water Agency Law (the "CLWA Law"), enacted by the State Legislature. CLWA was initially called the Upper Santa Clara Valley Water Agency until the State Legislature changed the agency's name to the Castaic Lake Water Agency. CLWA was formed to provide its service area with a supplemental water supply from the State Water Project and provide the necessary treatment and conveyance facilities to deliver this water. CLWA originally entered into an agreement to receive State Water Project water supplies in 1963, and today, such contract amount (as assumed by the Agency, as described below) is for 95,200 acre-feet per year. Prior to September 1999, CLWA was solely a wholesale provider of supplemental water, primarily to four independent retail water providers within its borders. Three of these retail water providers have since been acquired by or succeeded to by the Agency as discussed below.

In September 1999, CLWA acquired the stock of one of these independent retail water providers, the Santa Clarita Water Company ("SCWC"), through the settlement of an eminent domain action. The assets of SCWC were subsequently transferred to CLWA and were operated by CLWA as a retail system through the Santa Clarita Water Division ("SCWD").

In December 2012, CLWA acquired 100% of the stock of the Valencia Water Company ("VWC"), one of the other retail water providers, in accordance with a settlement of an eminent domain action. After such acquisition, VWC continued to operate as a separate company, with a board of directors composed of the general manager of CLWA, the assistant general manager of CLWA, the retail manager of the SCWD and an officer of the VWC. Prior to dissolution on January 22, 2018, the board of directors of VWC was composed of the former general manager of CLWA, the former assistant general manager of CLWA, the former retail manager of the SCWD, the former administrative services manager of CLWA and the vice president of operations of the VWC.

In 2014, NCWD filed an action in the Los Angeles County Superior Court challenging CLWA's acquisition of VWC (the "NCWD Action"). The NCWD Action was one of a number of actions filed by various parties challenging the acquisition of VWC by CLWA. During the course of the settlement discussions of the NCWD Action, the negotiation of a potential merger of CLWA and NCWD was undertaken. In December 2016, CLWA approved a settlement agreement which dismissed the NCWD Action and CLWA and NCWD agreed to jointly pursue legislation to combine the two entities into a new water agency as the successor to both. In furtherance of such settlement agreement, Senate Bill 634 was introduced in the State Senate to merge CLWA and NCWD into one water agency. On May 31, 2017, the State Senate approved Senate Bill 634 and on September 13, 2017, the State Assembly approved Senate Bill 634 with certain amendments. On September 15, 2017, Senate Bill 634, as amended by the State Assembly, was approved by the State Senate. On October 15, 2017, Governor Edmund G. Brown, Jr. signed Senate Bill 634 into law, which repealed the CLWA Law and merged CLWA and NCWD into a new agency called the "Santa Clarita Valley Water Agency" effective January 1, 2018.

As enacted, Senate Bill 634 is known as the "Santa Clarita Valley Water Agency Act" (the "Agency Law") and provides that the Agency may provide retail water service within its boundaries. In addition, the

Agency Law provides that the Agency is the successor to CLWA and NCWD for the purpose of succeeding to all of the rights, duties, obligations, contracts, responsibilities, assets, entitlements, and liabilities of CLWA and NCWD. The initial boundaries of the Agency were the boundaries of CLWA as they existed on December 31, 2017.

The Agency Law required that the Agency take steps to dissolve VWC and included certain timing requirements related thereto. Pursuant to the Agency Law, on January 9, 2018 the Agency approved the plan of dissolution of VWC. Such plan of dissolution had previously been approved by VWC on December 28, 2017. Dissolution of VWC occurred on January 22, 2018. The Agency is the successor to the assets and liabilities of VWC. To account for the revenues, expenses and debt allocable to the retail service within the boundaries of the former VWC, the Agency established the Valencia Water Division (“VWD”).

Pursuant to the terms of the Agency Law, the indebtedness of NCWD and SCWD which existed as of December 31, 2017, is required to be borne by retail divisions of the Agency that correspond with NCWD and SCWD, respectively. After the refunding contemplated herein, the Agency, as successor to CLWA, will have approximately \$77,339,062.45 aggregate principal amount of 1999 Certificates (adjusted for the accreted value of certain capital appreciation certificates as of August 1, 2020) and approximately \$26,735,000 aggregate principal amount of 2018A Bonds. The 2018A Bonds are paid with amounts derived from the 2018A Installment Payments payable by the Agency. The Agency’s obligation to make payments with respect to the 1999 Certificates and the 2018A Installment Payments is secured by a pledge of the Agency’s revenues generated from its wholesale operations. The respective documents pursuant to which the 1999 Certificates and the 2018A Bonds were delivered expressly exclude revenues derived from the Agency’s retail operations from such pledge.

The Agency’s wholesale water system revenues have historically consisted primarily of facility capacity fees, amounts allocated by the County of Los Angeles (the “County”) and the County of Ventura (together, the “Counties”) from the 1% *ad valorem* property tax to the Agency and revenues generated from the sale of wholesale water to the Los Angeles County Waterworks District No. 36, Val Verde (“District No. 36”), the sole remaining independent retail purveyor within the boundaries of the Agency, as well as SCWD, NCWD and VWD. See “—Outstanding Obligations—Wholesale Water System Obligations.”

As described below, the Agency expects to eliminate the wholesale water charge paid by SCWD, NCWD and VWD. Debt service on the 1999 Certificates and the 2018A Bonds is expected to be paid from amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency. Any 1% *ad valorem* property tax revenues remaining following the payment of debt service on the 1999 Certificates and the 2018A Bonds will be deposited in the Revenue Fund established under the 2020 Installment Purchase Agreement and pledged to the payment of the Series 2020 Installment Payments.

The Agency

As provided in the Agency Law, the Agency was formed to unify and modernize water resource management within the Santa Clarita Valley through the efficient, sustainable, and affordable provision, sale, management, and delivery of surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale within the territory of the Agency and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

Under the Agency Law, the Agency is authorized to acquire, hold, and utilize water and water rights, including, but not limited to, water available from the State of California (the “State”), and to provide, sell, manage, and deliver surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale throughout the territory of the Agency. The Agency may continue to levy, impose, or fix and collect any previously authorized charge, fee, assessment, or tax approved, imposed, and levied by CLWA or NCWD, or both, including, but not limited to, any rates, fees, and charges for the provision of water. Any charge, fee, assessment, or tax authorized and in effect for CLWA or NCWD will remain in effect until otherwise modified, increased, or terminated by the board of directors of the Agency. The Agency Law also authorizes the Agency to levy and collect taxes; to fix, revise and collect rates or other charges for the delivery of

water, use of facilities or property or provisions for service; to borrow money, incur indebtedness and issue bonds; and to construct, operate and maintain works for the development of hydroelectric power for use by the Agency in the operation of its works.

The Agency is the successor in interest to CLWA's agreement with the Department of Water Resources ("DWR") to receive State Water Project water supplies, which was entered into in 1963. Currently, the Agency's contract amount is for 95,200 acre-feet per year. The Agency's water system (the "Water System") is also supplied by other sources, including up to 11,000 acre-feet per year acquired pursuant to the BVWSD-RRBWSA Acquisition Agreement (as defined below), up to 850 acre-feet per year pursuant to the Yuba Water Accord (as defined below) and approximately 400 acre-feet per year of recycled water. The Agency also produces approximately 27,674 acre-feet of groundwater per year. See the caption "WATER SUPPLY—Sources of Supply."

The Agency levies property taxes to pay certain costs under the State Water Project contract. Such State Water Project contract costs are not Operation and Maintenance Costs of the Water System. Such State Water Project property taxes are not pledged to and are not available to pay the Series 2020 Installment Payments.

The Agency sells supplemental wholesale water to District No. 36. The Agency does not currently have a water service contract with District No. 36 which the Agency enforces or which the Agency believes is enforceable. As a result, District No. 36 is not obligated to purchase water from the Agency.

The Service Area

The Agency is located in the northwestern portion of the County, approximately 35 miles from downtown Los Angeles. The service area of the Agency (the "Service Area") has a population of approximately 273,000, and covers an area of approximately 195 square miles. The majority of the Service Area is located in the County, and includes the City of Santa Clarita (the "City") and other nearby communities. Approximately 20 square miles of the Service Area extend into unincorporated rural portions of Ventura County.

Agency Organization and Management

The Board of Directors of the Agency (the "Board") currently consists of 12 members. The initial Board consisted of 15 members as follows: (i) the five elected members of the NCWD board of directors in office as of December 31, 2017; (ii) the nine elected members of the CLWA board of directors in office as of December 31, 2017; and (iii) the appointed member representing District No. 36. The initial terms of directors whose respective terms as a member of the CLWA or NCWD board of directors would have expired following the 2018 general election or the 2020 general election will expire following the 2020 general election and the 2022 general election, respectively. The initial term of the appointed director of District No. 36 expired on January 1, 2019 and the Board approved the appointment of a successor director of District No. 36 on January 7, 2019.

In recognition of the planned transition in Board size from the initial 15 to 9 directors provided for in the Agency Law, the Board may, under specified circumstances, choose to eliminate a seat if there is a vacancy during the transition period. William Peci resigned as a director on the Agency Board effective January 16, 2018. On February 6, 2019, the Board approved Resolution No. SCV-19 to not appoint a successor to fill the vacant Division 2 Board Seat and to permanently eliminate such Board seat pursuant to the Agency Law. In addition, Jacquelyn H. McMillan resigned as a director on the Agency Board effective January 29, 2019. On February 5, 2019, the Board approved Resolution No. SCV-87 allowing the Board to not appoint a successor to fill the vacant Division 3 Board Seat and to permanently eliminate such Board seat pursuant to the Agency Law.

The Service Area is divided into three divisions for electoral purposes. Pursuant to the Agency Law, two directors will be elected for each division at the 2020 election and at every election on that four-year election cycle thereafter, and one director will be elected for each electoral division at the 2022 election and at every

election on that four-year election cycle thereafter. The current members of the Agency Board are set forth in the table below.

**Table 1
SANTA CLARITA VALLEY WATER AGENCY
Board of Directors**

<i>Name</i>	<i>Expiration of Term (January)</i>	<i>Occupation</i>	<i>Prior Office</i>
Gary Martin, President	Jan. 2021	Retired Engineer	CLWA
Maria Gutzeit, Vice President	Jan. 2021	Engineer	NCWD
E.G. "Jerry" Gladbach, Vice President	Jan. 2022	Retired Engineer	CLWA
William C. Cooper	Jan. 2022	Retired Special Projects Manager – Water System Operations, Metropolitan Water District	CLWA
R. J. Kelly	Jan. 2022	Business Owner	CLWA
B.J. Atkins	Jan. 2021	Business Owner	NCWD
Edward A. Colley	Jan. 2021	Teacher	CLWA
Kathy Colley	Jan. 2021	Nurse	NCWD
Robert J. DiPrimio	Jan. 2021	Vice President, San Gabriel Valley Water Company	CLWA
Dan Mortensen	Jan. 2022	Attorney	NCWD
Lynne Plambeck	Jan. 2022	Business Owner	NCWD
Jeff Ford	Jan. 2023	Retired Engineer	N/A

The daily operations of the Agency are administered by the General Manager, Matthew Stone, and other Agency staff. Brief biographical information for certain Agency staff members are set forth below.

Matthew Stone is the General Manager of the Agency and was appointed as general manager of the former CLWA in December 2015. Prior to joining CLWA, Mr. Stone served as General Manager to the Rancho California Water District in Temecula, California for seven years. Mr. Stone had also served as the Associate General Manager of the Municipal Water District of Orange County for eleven years and as the Principal Engineer of the Municipal Water District of Orange County for three years. In addition, Mr. Stone served for eight years with RBF Consulting where he worked on numerous projects in various capacities including Project Engineer, Project Manager, and Director of Water Resources. Mr. Stone serves on the board of the State Water Contractors, a non-profit corporation founded in 1982 which represents State Water Project contracting agencies. Mr. Stone has also served as Chairman of the Urban Water Institute, a non-profit organization focusing on education for elected officials, water managers and others interested in water policy and economics. Mr. Stone holds a Bachelor of Science degree in Civil Engineering from Santa Clara University, a Master of Public Administration degree from the University of La Verne and a Master of Science degree in Environmental Engineering from Loyola Marymount University. Mr. Stone is a registered Civil Engineer within the State.

April Jacobs is the Secretary of the Agency and had served as secretary to the CLWA board since August 2005. Ms. Jacobs began her employment with CLWA in January 2004. Prior to employment by CLWA, Ms. Jacobs was employed at VWC.

Stephen Cole is the Assistant General Manager of the Agency and was the general manager of the former NCWD, acting as the chief executive officer responsible for the operations and management of NCWD for the past thirteen years. Mr. Cole has over twenty years of experience dealing with a variety of issues in the water field and actively participates in the Association of California Water Agencies serving as the Region 8 Chair. He has served as chairman of the College of the Canyons Water Systems Technology Committee and as chair for the Santa Clarita Valley Water Committee. Mr. Cole is certified by the State as a Grade V Water Distribution

Operator, a Grade 3 Water Treatment Operator and as a Registered Environmental Health Specialist. He received his Bachelor of Science degree in Environmental Science from California State University, Fresno and his Master of Science degree in Environmental Science degree from California State University Northridge.

Eric Campbell is the Chief Financial and Administrative Officer for the Agency. Prior to joining the Agency in 2018, Mr. Campbell served as the Financial Analysis and Planning Manager for Pasadena Water and Power where he was responsible for long-term financial planning, operating and capital budgets, capital planning, electric and water rates, purchasing, accounts payable and timekeeping. During his career, Mr. Campbell has held various public agency finance, risk management and strategic planning positions with the Los Angeles Department of Water and Power, Seattle City Light, and Glendale Water & Power. Mr. Campbell also worked for Deloitte, where he assisted clients with their risk assessment, financial management and report tools. Mr. Campbell received his Associates of Arts degree in Economics from Los Angeles Valley College, his Bachelor of Science degree in Accounting from Cal State University, Northridge and his Master of Business Administration degree in Program Management from West Coast University.

Keith Abercrombie is the Chief Operating Officer of the Agency and was the Retail Manager of SCWD. Mr. Abercrombie received his Bachelor of Science degree in Agricultural Business from Colorado State University and received his Masters in Business Administration, Agribusiness from Santa Clara University. Prior to employment with CLWA, Mr. Abercrombie served as General Manager of the Valencia Water Company. Mr. Abercrombie previously worked at the Newhall Land and Farming Company serving as assistant to the Vice President of Agriculture and Manager of Energy Resources. Mr. Abercrombie holds a Grade 5 Water Distribution Operator certification and a Grade 2 Water Treatment Operator certification from the State Water Resources Control Board – Division of Drinking Water, and is a member of the American Water Works Association and the Association of California Water Agencies.

Employee Relations

As of April 1, 2020, the Agency had 216 employees, ten of whom are part-time employees. No Agency employees are represented by a labor union. Neither CLWA nor NCWD had experienced any strike or other labor actions in the ten most recent calendar years.

Budget Process

Each year, Agency staff provides the Board with a biennial budget including estimates of revenues and expenditures for operations for the upcoming two Fiscal Years. The Board conducts public meetings and makes such revisions as it deems desirable, and adopts a biennial budget by July 1, with the budget for the Fiscal Year beginning on such July 1 being approved and the budget for the subsequent Fiscal Year being conditionally approved. Prior to the beginning of the second Fiscal Year of the biennial budget term, Agency Staff reviews the budget for such Fiscal Year and makes any necessary revisions. The budget for the second Fiscal Year of the biennial budget term is presented to the Board for adoption prior to the start of such Fiscal Year. In July of each year the Agency expects to receive billing for the upcoming calendar year from DWR (for State Water Project water). On or about August 15 of each year, the Agency submits the property tax levy for the Service Area to the County and the County of Ventura.

The Agency's biennial budget for Fiscal Years 2020 and 2021 was approved on May 21, 2019. The Agency has not made any material changes to such budget.

Insurance

The Agency is a member of the Association of California Water Agencies Joint Powers Insurance Authority (the "JPIA"), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The JPIA arranges and administers programs of insurance for the pooling of self-insured losses, and purchases excess insurance coverage for its members. The JPIA began operations on October 1, 1979 and has continued without interruption since that time.

As of June 30, 2019, the Agency limits and deductibles for liability, property, and workers compensation programs of the JPIA were as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit per occurrence. The JPIA purchased additional excess coverage layers of \$59,000,000 for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Property losses are paid at the replacement cost for buildings, fixed equipment and personal property on file, if replaced within two years after the loss, otherwise such losses are paid on an actual cash value basis, subject to a \$5,000 deductible per loss, and actual cash value for mobile equipment, subject to a \$1,000 deductible per loss, and licensed vehicles, subject to a \$500 deductible per loss. The JPIA purchased excess coverage for a combined total of \$100,000,000 per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100,000,000 per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to State statutory limits for all work-related injuries/illnesses covered by State law, and employer's liability coverage up to \$4,000,000. The JPIA is self-insured up to \$2,000,000 and excess coverage has been purchased.

In addition to the above, the Agency also has the following insurance coverage:

- Crime coverage up to \$1,000,000 per loss, including public employee dishonesty, including public officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a \$1,000 deductible.
- The cyber liability program covers a wide range of cyber security issues originating from both third (external) and first (internal) parties. Coverage includes defense costs and damages for security, privacy and media liability; fees and expenses incurred from cyber extortion; as well as costs to restore network business interruption and digital asset protection. Coverage limits are \$2,000,000 per occurrence with an aggregate of \$5,000,000 and a deductible of \$50,000.
- Earthquake and flood insurance coverage for the Saugus Perchlorate Treatment Facility, certain NWD and certain VWD facilities. Earthquake and flood insurance for the Saugus Perchlorate Treatment Facility has annual coverage limits of \$25,000,000 per occurrence and in the aggregate. Deductibles for the Saugus Perchlorate policy are 5% of value, subject to a \$25,000 minimum, per loss of earthquake and \$25,000 per loss for flood. Earthquake and flood insurance for the NWD facilities has coverage limits of \$10,000,000 per occurrence and in the annual aggregate, with an earthquake deductible of 15% per unit of insurance including time element business income, extra expense and rental value. The minimum deductible for earthquake and flood insurance is \$50,000 and a \$25,000 deductible for all other perils. Earthquake and flood insurance for the VWD facilities has coverage limits of \$10,000,000 primary and \$25,000,000 excess, total of \$35,000,000 per occurrence and in the aggregate. Deductibles for the VWD facilities policy are \$100,000 or 5% per location, whichever is greater, for earthquake coverage and \$250,000 per occurrence for flood coverage. This coverage also includes business personal property, business income, extra expense and terrorism.
- Pollution and remediation legal liability insurance for certain NWD sewer facilities with coverage limit of \$1 million for each loss and in the aggregate with a \$25,000 retention for each loss.

For additional information with respect to the Agency's insurance coverage, see Note 11 of the Agency's Annual Financial Report attached to the Official Statement as Appendix B.

Outstanding Obligations

General. Pursuant to the Agency Law, the Agency is the successor to CLWA's outstanding obligations.

Senior Wholesale Water System Obligations. In connection with the execution and delivery of the 1999 Certificates, currently outstanding in the principal amount of \$77,339,062.45 (adjusted for the accreted value of certain capital appreciation certificates as of August 1, 2020), CLWA entered into the Installment Purchase Agreement, dated as of June 1, 1999 (the "1999 Installment Purchase Agreement"), with the Castaic Lake Water Agency Financing Corporation (the "Corporation"), which is secured by the revenues derived from the Agency's wholesale operations and payable from such wholesale revenues, net of any operation and maintenance costs of the Agency's wholesale water system. The Agency's wholesale revenues have historically consisted primarily of facility capacity fees, amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency and revenues generated from the sale of wholesale water to District No. 36, SCWD, NCWD and VWD. As discussed below, the Agency expects to eliminate the wholesale water charge that is currently paid by SCWD, NCWD and VWD. Debt service on the 1999 Certificates is expected to be paid from amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency.

Wholesale Water System Obligations. In connection with the execution and delivery of the Authority's Revenue Bonds, Taxable Series 2018A (the "2018A Bonds"), currently outstanding in the aggregate principal amount of \$26,735,000, the Agency entered into the Installment Purchase Agreement, dated as of January 1, 2018, with the Authority, which is secured by the revenues derived from the Agency's wholesale operations, which includes amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency, and payable from such wholesale revenues, net of any operation and maintenance costs of the Agency's wholesale water system, on a subordinate basis to the payment of debt service with respect to the 1999 Certificates. Prior to the issuance of the 2020 Bonds, the Agency had been applying repayments made by VWD to the Agency's wholesale division pursuant to the terms of an interfund loan (the "Interfund Loan"), pursuant to which rate payers served by the VWD were allocated the responsibility to pay the principal of and interest on the Interfund Loan, to the payment of the Series 2018A Installment Payments which secure the 2018A Bonds. Following the issuance of the 2020 Bonds, the Agency expects to apply amounts allocated by the Counties from the 1% *ad valorem* property tax to the Agency, following the application of such 1% *ad valorem* property tax to the payment of debt service on the 1999 Certificates, to the payment of debt service on the 2018A Bonds, prior to applying the other sources of revenues securing the Series 2018A Installment Payments.

Any 1% *ad valorem* property tax revenues in excess of the payment of debt service with respect to the 1999 Certificates and the 2018A Bonds will be deposited in the Revenue Fund established under the 2020 Installment Purchase Agreement and pledged to the payment of the Series 2020 Installment Payments.

Future Obligations. The Agency currently expects to issue additional obligations payable from Net Revenues on a parity with the Series 2020 Installment Payments in Fiscal Year 2022 (the "2022 Bonds"). The Agency expects to use the proceeds of the 2022 Bonds to finance the cost of capital improvements to the Agency's Water System. The estimated aggregate principal amount of the 2022 Bonds is \$60,000,000. The 2022 Bonds may be issued earlier or later than the time currently projected or in an amount other than as currently projected. The timing and amount of such issuance will depend on actual need for the capital projects at that time and market conditions.

In addition, the Agency may incur additional obligations in connection with the California Eco Restore Project ("EcoRestore") and the Delta Conveyance Project (formerly known as California Water Fix), which are collaborative efforts between water agencies, environmental organizations and State and federal agencies to develop a comprehensive conservation plan for the Delta (as defined below). Payments on obligations incurred in connection with EcoRestore and the Delta Conveyance Project are expected to be payable from *ad valorem* property taxes levied pursuant to the Agency Law and not from Revenues. See the caption "THE WATER SYSTEM—Future State Water Project Obligation."

In addition, the Agency may incur additional obligations in connection with the development and construction of the Sites Reservoir, which is a proposed reservoir of approximately 1.8 million acre-feet located in Colusa County, that is expected to be undertaken as a joint effort among several local water agencies and counties. Payments on obligations incurred in connection with the Sites Reservoir are expected to be initially payable from Revenues during the planning phase of the Sites Reservoir. If an agreement is reached with DWR and the participating State Water Project contractors to incorporate Sites Reservoir supplies into the State Water Project, the Agency expects to pay obligations incurred in connection with the Sites Reservoir from *ad valorem* property taxes levied pursuant to the Agency Law. See the caption “THE WATER SYSTEM—Future Sites Reservoir Obligation.”

The Agency may issue from time to time tax revenue anticipation notes. Tax revenue anticipation notes are a general obligation of the Agency payable from taxes, income, revenue, cash receipts and other moneys received by the Agency which are lawfully available for the payment of current expenses and other obligations of the Agency. The Agency does not currently expect to issue tax revenue anticipation notes. However, no assurance can be made that the Agency will not issue tax revenue anticipation notes in the future which are secured by Revenues on a parity with the Series 2020 Installment Payments and other Contracts and Bonds.

Other Long-Term Obligations. On April 30, 1963, CLWA entered into a water supply contract with DWR for a water supply from the State Water Project (the “State Water Project Contract”), under which CLWA agreed to make payments which include, among other charges, capital charges and operation and maintenance charges. The Agency is CLWA’s successor to the State Water Project Contract. Under the State Water Project Contract, in any year the Agency fails or is unable to raise sufficient funds by other means, the Agency is required to levy upon all property in the Agency not exempt from taxation a tax sufficient to provide for all payments thereunder then due or to become due within such year.

Although the State Water Project Contract was not required to be, and was not, submitted for approval by voters in the Agency, relevant case law (*Goodman v. County of Riverside*, 140 Cal. App. 3d 900, 190 Cal. Rptr. 7 (Cal. App. 4th Dist. (1983)) (the “Goodman Case”) has held that similar State Water Project contracts not approved by the voters are nevertheless deemed to be voter approved indebtedness for purposes of Article XIII A of the California Constitution (Proposition 13). The Goodman Case held that, when the voters approved the Burns-Porter Act in 1960 (which authorized the construction and financing of the State Water Project), they intended that the cost to finance construction, operation, maintenance and replacement of the State Water Project would be paid by local agencies through their water contracts, which in turn could be paid through local property taxes.

Based on current case law, CLWA has historically levied, and the Agency expects to continue to levy, property taxes to pay amounts due under the State Water Project Contract. The Agency has covenanted in the Installment Purchase Agreement to comply with the provision of the State Water Project Contract, which requires the levying of property taxes to the extent necessary.

The Agency, together with other State Water Project contractors, is negotiating an extension of the State Water Project Contract beyond its current expiration date of June 30, 2038. The Agency cannot predict if or when such extension may occur or what the exact terms and conditions such extension may include. The Agency has covenanted in the Installment Purchase Agreement that it will neither take nor omit to take any action under any contract, including the State Water Project Contract, if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the Agency to make the Series 2020 Installment Payments. See the caption in Appendix C, “PARTICULAR COVENANTS—Compliance with Contracts.”

On May 22, 2007, CLWA entered into the BVWSD-RRBWSD Acquisition Agreement (as defined below) for the acquisition of up to 11,000 acre-feet of water supply per year for a 30-year period. The Agency is CLWA’s successor to the BVWSD-RRBWSD Acquisition Agreement. See the caption “WATER SUPPLY” for further discussion of this program.

WATER SUPPLY

Sources of Supply

General. The Agency has four main sources of water supply: (1) water purchased from the State Water Project, (2) groundwater pumped from the groundwater basin underlying the Agency, (3) other supplemental water purchases and (4) recycled water. A description of each source of water is set forth below.

Table A Amounts from the State Water Project. The Agency is supplied with water from the State Water Project through DWR under the State Water Project Contract. On April 30, 1963, CLWA entered into an agreement with DWR which, as amended from time-to-time, provides for a contract Table A Amount of 95,200 acre feet per year. The Agency is CLWA's successor to the State Water Project Contract.

The State Water Project Contract expires by its terms on June 30, 2038, but contains a provision granting the Agency the right to renew. DWR and the State Water Project contractors held a series of 23 public negotiating sessions between May 2013 and June 2014. Such negotiating sessions resulted in an "Agreement in Principle" to amend the existing State Water Project contracts to extend them through December 31, 2085 and to make certain changes relating to the billing process under such contracts. The Agency, other State Water Project contractors and DWR are parties to the Agreement in Principle as a means to start the environmental review process required under the California Environmental Quality Act ("CEQA"). The Agreement in Principle does not represent a commitment by the Agency, other State Water Project contractors or DWR to extend the State Water Project contracts but to analyze the proposed extensions through the preparation of an environmental impact report under CEQA. The notice of preparation of the environmental impact report relating to the proposed extension was issued on September 12, 2014. On November 13, 2018, the State certified the Final EIR and on February 26, 2019, the Agency approved and executed the contract extension amendment ("Amendment"). On December 11, 2018, the State filed a validation action to validate its authority to execute the Amendment. The validation action is currently pending, as well as two cases that challenge the adequacy of the EIR. Pursuant to the terms of the Amendment, the Amendment will not go into effect until a certain number of other State Water Project contractors have executed the Amendment and other certain conditions have been satisfied or waived. As of this time, the Amendment is not in effect. The outcome of the validation action may also impact the extension. The Agency currently expects to renew the State Water Project Contract on or prior to the end of the current term upon substantially similar financial terms, however, the Agency cannot predict if or when such extension may occur or what the exact terms and conditions such extension may include. The Agency cannot predict the effect of the failure to renew the State Water Project Contract on substantially similar terms and conditions on the ability of the Agency to pay the Series 2020 Installment Payments, however, such effect could be material and adverse.

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply water delivered through the State Water Project to its retail customers and District No. 36. The California Aqueduct releases water to the Agency at the Castaic Lake Reservoir (the "Castaic Reservoir"). The Castaic Reservoir is a multiple use reservoir owned by DWR which serves as the terminal point of the west branch of the California Aqueduct.

Monterey Agreement. In December 1994, the State Water Project contractors (including CLWA) and DWR reached an understanding known as the "Monterey Agreement." The Monterey Agreement aimed to increase the reliability of existing water supplies and equalize the effect of water shortages on agricultural and urban users. Under the Monterey Agreement, water is delivered based upon contract Table A Amounts, and in years of water shortage, each participating water contractor will receive a prorated portion of its Table A Amounts. The Monterey Agreement has been substantially implemented since its execution via contract amendments between DWR and the State Water Project contractors in 1995 (the "Monterey Amendments").

The Monterey Agreement provides opportunities for the Agency (through its contract with DWR) to increase its water supply, water management activities and future supply reliability.

In 1995, a lawsuit was filed by the Planning and Conservation League (and other plaintiffs) against DWR challenging the Monterey Agreement under CEQA. The trial court ruled in favor of DWR, and on September 15, 2000 the California Court of Appeal ruled in favor of the plaintiffs (*Planning and Conservation League v. Central Coast Water Authority and DWR*, No. C024576, 3d District, September 15, 2000). The Court of Appeal held that the Environmental Impact Report (the "EIR") prepared in connection with the adoption of the Monterey Agreement was improperly prepared by the Central Coast Water Authority, as "lead agency" under CEQA, rather than by DWR, and that the EIR was insufficient in that it failed to discuss implementation of a "no project" alternative. The court concluded that a new EIR must be prepared and adopted. Finally, the Court of Appeal held that the trial court erroneously dismissed the plaintiffs' challenge to DWR's transfer of title to a water storage facility and execution of amended contracts under the Monterey Agreement.

The Court of Appeal remanded the case to the trial court to oversee DWR's preparation of a new EIR and to consider whether the Monterey Amendments may continue to be implemented while the new EIR is being prepared. The Court of Appeal also reinstated a cause of action challenging the validity of the transfer of the Kern Water Bank to Kern County Water Agency. On October 25, 2000, DWR and Central Coast Water Authority filed a petition asking the California Supreme Court to review the appellate court decision. The California Supreme Court denied this petition on December 13, 2000.

After the Court of Appeal's decision, DWR, the State Water Project contractors and the plaintiffs in the case entered into confidential mediation proceedings in the spring of 2001. Settlement was reached in the fall of 2002 and finalized, via execution of contract amendments, in May 2003. The Agency is a party to the settlement agreement. The settlement agreement has allowed implementation of the Monterey Amendments to continue as they have since 1995 while a new EIR was prepared.

DWR completed a final EIR and concluded the remedial CEQA review for the project on May 4, 2010. Following DWR's completion of the EIR, three new lawsuits were filed challenging the project. Central Delta Water Agency, South Delta Water Agency, California Water Impact Network, California Sportfishing Protection Alliance, and the Center For Biological Diversity filed a lawsuit against DWR in Sacramento County Superior Court challenging the validity of the EIR under CEQA and the validity of underlying agreements under a reverse validation action (the "Central Delta I" case). These same plaintiffs filed a reverse validation lawsuit against the Kern County Water Agency in Kern County Superior Court ("Central Delta II"). This lawsuit targets a transfer of land from Kern County Water Agency to the Kern Water Bank, which was completed as part of the original Monterey Amendments. The third lawsuit is an EIR challenge brought by Rosedale-Rio Bravo Water Storage District and Buena Vista Water Storage District ("Rosedale-Rio Bravo") against DWR in Kern County Superior Court. The two Kern County cases have been transferred to Sacramento Superior Court and the three cases were consolidated for trial. On March 6, 2014, the Sacramento Superior Court held that the EIR did not comply with CEQA because it failed to sufficiently describe or consider the environmental impact of the Kern Water Bank's future operations and limited its analysis to an unrepresentative historically wet period (1995-2004). The hearing on the remedies phase related to the analysis of the Kern Water Bank was held on September 5, 2014. The trial court issued a final ruling and writ of mandate on October 2, 2014, requiring decertification of the entire Monterey Plus Amendment EIR (as opposed to partial certification), but cautioned that this does not require DWR to prepare an entirely new EIR and only the new EIR sections will be subject to challenge. Importantly, prior project approvals are to remain in place and the Kern Water Bank may continue to operate while DWR corrects the EIR. The writ directed DWR to correct the deficiencies in the EIR.

The court entered the final judgment and signed the writ of mandate on November 24, 2014 and DWR filed an initial return to the writ on December 30, 2014. However, the Central Delta I petitioners also filed a notice of appeal on December 30, 2014; the Rosedale-Rio Bravo petitioners did not file an appeal (Third District Court of Appeal Case. No. C078249). Roll International Corporation, Paramount Farming Company, LLC, and Westside Mutual Water Company, filed a cross-appeal appealing all those portions of the trial court's judgment adverse to them concerning the first cause of action (CEQA cause of action), as well as all "judgments, orders, rulings, and findings" that were adverse to them in the remainder of the action (including discovery motions). The petitioners also filed a separate appeal challenging the trial court's denial of attorneys' fees to the Central Delta I petitioners under Code of Civil Procedure section 1021.5 (Third District Court of Appeal Case. No. C080572).

In the meantime, DWR completed further CEQA review pursuant to the trial court's judgment and writ petition. DWR filed a return to the 2014 writ on September 28, 2016. The return includes a Revised EIR addressing the deficiencies identified in trial court's 2014 ruling. DWR's Revised EIR did not identify any new changes or impacts caused by the prior transfer of the Kern Fan Element. Consequently, the focus of the Revised EIR is the Kern Water Bank's development and its continued use and operation as a locally owned and operated groundwater banking and recovery project. Following certification of the Revised EIR, DWR determined to continue the use and operation of the Kern Water Bank by the Kern Water Bank Authority. The petitioners again objected to the Revised EIR and filed another action in October 2016. On October 20, 2017, the trial court issued its ruling denying the petition and discharging the writ of mandate. The petitioners filed a timely Notice of Appeal on December 20, 2017 (Third District Court of Appeal Case No. C086215). Any impact of the outcome of this litigation on the Agency's State Water Project supplies cannot be determined at this time.

Two of the appellate cases (Case No. C078249 and Case No. C080572) were fully briefed in 2016 and were then consolidated with the most recent appeal, Case No. C086215, for purposes of oral argument and decision. Case No. C086215 was fully briefed on October 31, 2018. The Court of Appeal is expected to set all three cases for oral argument and decision by the end of 2020. It is not clear at this time if the impact of the COVID-19 pandemic may result in further delays.

Based on a January 24, 2020 announcement by DWR, the Agency's State Water Project contractors' Table A allocations for 2020 is 15 percent, which is approximately 14,280 acre-feet. The allocation for 2020 is subject to revision by DWR.

Groundwater Banking Programs. The Agency currently has two groundwater banking programs and five water exchange programs.

In May 2015, the former CLWA's Stored Water Recovery Program within the Semitropic Water Storage District's Groundwater Banking Program (the "Semitropic Banking Program") became operational. Under this agreement two short-term ten-year accounts containing 35,970 acre-feet were transferred into this new program. Under this agreement the Agency can store an additional 15,000 acre-feet. The term of the Semitropic Banking Program extends through 2035 with the option of a 10-year renewal. The Agency may withdraw up to 5,000 acre-feet annually from its accounts in the Semitropic Banking Program. As of January 1, 2020, the Agency's banking accounts totaled 45,278 acre-feet. In light of the January 24, 2020 announcement that the Agency's State Water Project Contractor's Table A allocation is 15% for 2020, the Agency expects to recover approximately 5,000 acre-feet of water from the Semitropic Banking Program.

In September 2005, the former CLWA initiated participation in the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program (the "Rosedale-Rio Bravo Banking Program"). This program allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A Amount or other State Water Project supplies, up to a maximum of 100,000 acre-feet, and has a contract term through 2035, renewable according to the terms of the Agency's water supply contract with DWR. In calendar years 2014 and 2015, the Agency withdrew approximately 2,800 and 3,000 acre-feet of water, respectively, from the Rosedale-Rio Bravo Banking Program account. As of January 1, 2020, the Agency had available approximately 100,000 acre-feet stored in the Rosedale-Rio Bravo Banking Program.

In 2015 CLWA exercised an option under the Rosedale-Rio Bravo Banking Program agreement to construct additional extraction wells and conveyance facilities that are anticipated to increase the reliable quantities that can be withdrawn by approximately 7,500 acre-feet annually. These facilities were completed in the fall of 2019 and are available to recover the Agency's banked water or water from the exchange programs with the Rosedale-Rio Bravo Storage District described below.

In addition to its accounts with the Semitropic Banking Program, the Agency has access to additional capacity under the Semitropic Banking Program through an agreement with another Semitropic Banking Program participant, Newhall Land and Farming Company ("Newhall Land"). In 2014, the Agency withdrew

approximately 4,950 acre-feet from Newhall Land's Semitropic short-term account under an agreement with Newhall Land.

In 2011, the former CLWA implemented a two-for-one exchange program with Rosedale-Rio Bravo Water Storage District pursuant to which the Agency recovers one acre-feet of water for each two acre-feet stored. This program has a maximum of 19,000 acre-feet, or 9,500 acre-feet of recoverable water. In 2011 and 2012, the former CLWA delivered water to the account such that after losses, 9,440 acre-feet of recoverable water is currently available. In 2019, the Agency entered into an additional two-for-one exchange program with Rosedale-Rio Bravo Water Storage District and delivered 11,000 acre-feet to the Rosedale-Rio Bravo Banking Program. The Agency expects this exchange to result in 5,500 acre-feet of recoverable water. As of April 1, 2020, the Agency has scheduled recovery of 11,000 acre-feet from the exchange programs with Rosedale-Rio Bravo Water Storage District in 2020.

In 2011, CLWA also implemented a two-for-one banking program with the West Kern Water District in Kern County and delivered 5,000 acre-feet, resulting in a recoverable total of 2,500 acre-feet. The Agency recovered 2,000 acre-feet of water in 2014, leaving a balance of 500 acre-feet.

In 2019, the Agency entered into a two-for-one exchange program with Antelope Valley-East Kern Water Agency and delivered 7,000 acre-feet, resulting in 3,500 acre-feet of recoverable water. The Agency has scheduled recovery of 2,000 acre-feet in 2020.

In 2019, the Agency also entered into a two-for-one exchange program with United Water Conservation District and delivered 1,000 acre-feet, resulting in 500 acre-feet of recoverable water.

Groundwater. The Agency has two main sources of groundwater: the alluvial aquifer and the Saugus Aquifer formation. The Agency's Water System has a total of 50 wells. As of March 1, 2020, 41 of the wells were in operation with the capacity to extract groundwater at a combined rate of approximately 74 million gallons per day ("mgd"). On March 30, 2020, however, a number of wells had been voluntarily shut off by the Agency in order to comply with the State Water Resources Control Board-Division of Drinking Water ("DDW") response levels ("Response Levels") for per- and polyfluoroalkyl substances ("PFAS"). Currently, the Agency has 24 active wells with a combined capacity of approximately 40 mgd. Among all (active, inactive, and pending) of the Agency's groundwater well supply, 41 of the wells draw groundwater from the alluvial aquifer and 9 of the wells draw groundwater from the Saugus Aquifer formation. In addition to PFAS, perchlorate and volatile organic compounds have been detected in certain of the Agency's wells. For a discussion of perchlorate, volatile organic compounds, PFAS and the Agency's response to the detection of such substances in the affected wells, see "Water Quality Compliance—Perchlorate Contamination in Certain Production Wells" and "—PFAS" below.

Recycled Water. Starting in September 2003, the former CLWA began adding recycled water to its supply. The Agency is currently serving approximately 450 acre-feet per year of recycled water. The Agency has completed several planning level documents which identify the potential expansion of the recycled water system. These documents include a report entitled "Reclaimed Water System Master Plan" dated September 1993 and a draft report entitled "Recycled Water Master Plan" dated May 2002, both prepared by Kennedy/Jenks Consultants. The environmental impact report for the 2002 draft Recycled Water Master Plan was approved by the former CLWA's board in March 2007.

The Agency completed a more recent draft of the Recycled Water Master Plan in 2016. The Agency plans to undertake the expansion of the recycled water program through multiple phases of capital improvements over a number of years. The Agency is in the planning and design phase of four recycled water projects. The four projects under design are considered by the Agency to be the most cost-effective to implement and are aimed at converting large turf/non-potable users to recycled water, resulting in the conversion of approximately 2,400 acre-feet per year of potable water to recycled water. The Agency has begun the construction of two of the four projects, which, when completed, will have a combined recycled water use demand of approximately 1,000 acre-feet per year. The Agency will be undertaking additional environmental studies and analyses to support its recycled water program goals, including the finalization and adoption the Agency's Recycled Water Master Plan.

The Agency projects recycled water deliveries will gradually increase beginning in Fiscal Year 2021 with use of water for grading purposes and will ultimately increase to 1,000 acre-feet of water per year in Fiscal Year 2023, following the expected completion of the Agency's recycled water projects. There can be no assurance that such projects will be completed as expected or, that when completed, the projects will provide the level of recycled water currently expected by the Agency.

Buena Vista and Rosedale-Rio Bravo Water Acquisition. On May 22, 2007, the former CLWA entered into a purchase agreement with Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District (the "BVWSD-RRBWSA Acquisition Agreement") to purchase up to 11,000 acre-feet of water per year for a 30-year period. This supply is from a program that provides for the capture, spreading, storage, recovery and export of water, including high-flow Kern River water which is a pre-1914 appropriative water right. The term of the BVWSD-RRBWSA Acquisition Agreement is from January 1, 2007 through December 31, 2036. When the original term expires, the BVWSD-RRBWSA Acquisition Agreement is anticipated to be extended to a date certain consistent with any extensions of the Agency's Water Supply Contract with DWR, although there can be no assurance of such extension or the terms of any such extension.

Other Water Supply Agreements. In 2009, the former CLWA entered into an agreement with DWR to participate in the Yuba Water Accord program (the "Yuba Water Accord"). This non-State Water Project water supply is available to the Agency in critically dry years as a result of DWR agreements with Yuba County Water Agency and the United States Bureau of Reclamation relating to settlement of water rights issues on the Lower Yuba River in northern California. Additional supplies may be available in wetter years. The quantity of water varies depending on hydrology, and the extent of participation by other State Water Project contractors. Under the Yuba Water Accord, the Agency may receive up to 1,705 acre-feet of water per year. The Agency's Fiscal Year 2021 operating plans assume that the Agency will receive 1,705 acre-feet of water pursuant to the Yuba Water Accord.

Newhall Land owns rights to approximately 1,600 acre-feet per year of Kern River water from the Nickel Ranch (the "Nickel Ranch Program"). The Agency currently expects that such water will be allocated to the Newhall Ranch project and will effectively offset demand for Agency water for that area in the future. However, there can be no assurance that such allocation will be made.

Recent California Drought and Response

State Water Project Allocations. Hydrological conditions in California can vary widely from year to year. Most recently, in 2013, much of California experienced one of the driest years on record and such dry conditions continued through January 2014. Due to these record-dry conditions, Governor Edmund G. Brown, Jr. (the "Governor") proclaimed a drought emergency on January 17, 2014.

On April 1, 2015, Governor Brown issued an executive order (the "2015 Executive Order") mandating, among other provisions, a 25% reduction in potable urban water usage in California (as compared to potable water usage in 2013) through February 28, 2016. On February 2, 2016, the reductions mandated by the 2015 Executive Order were extended through October 31, 2016. In connection with such extension, the general framework of the regulations implementing the 2015 Executive Order were left intact, however, urban water suppliers are now provided credits and adjustments based on climate and recognition of significant investments made to create local, drought-resilient sources of potable water.

On May 9, 2016, the Governor issued an executive order directing the State Water Resources Control Board ("SWRCB") to adjust and extend the SWRCB's emergency water conservation regulations through the end of January 2017 (the "2016 Executive Order"). On May 18, 2016 and in accordance with the 2016 Executive Order, the SWRCB adopted an emergency water conservation regulation (the "2016 SWRCB Regulation") that replaced its February 2, 2016 emergency regulation and extends through January 31, 2017. The 2016 SWRCB Regulation requires urban water suppliers, including retail water agencies such as the Agency, to develop conservation standards based upon each urban water supplier's specific circumstances and replaces the prior

percentage reduction-based standard described above. On February 8, 2017, the SWRCB modified and extended the emergency water conservation regulation for another 270 days.

On April 7, 2017, the Governor issued an executive order (the “2017 Executive Order”) which terminates the January 17, 2014 executive order discussed above (except with respect to certain counties within the State) and rescinds the 2015 Executive Order. The 2017 Executive Order continues to require DWR and the SWRCB to develop standards for urban water suppliers to set water use efficiency targets and restrict wasteful water use, as provided in the 2016 Executive Order.

The 2015 Executive Order as implemented by the SWRCB did not require CLWA, as a wholesaler, to reduce wholesale water sales. See “- Agency Drought Response Actions and Impact” below for information with respect to actions taken by CLWA with respect to SCWD, and actions taken by VWC and NCWD relating to the drought regulations described above. The Agency does not currently believe that further reductions in water use within the Service Area will have a material adverse effect on the Agency’s ability to pay the Series 2020 Installment Payments which secure the 2020 Bonds. The Agency is obligated under the Installment Purchase Agreement to set rates and charges sufficient to provide Net Revenues equal to 120% of Debt Service due in each Fiscal Year as more particularly described under the caption “SECURITY FOR THE 2020 BONDS—Rate Covenant.

Agency Drought Response Actions and Impact.

Castaic Lake Water Agency. In response to the various drought executive orders and SWRCB regulations described above, the former CLWA adopted ordinances with respect to customers served through SCWD to outline a water conservation plan, outdoor watering restrictions and penalties for noncompliance. In July 2016, the former CLWA’s Board adopted Ordinance No. 44, which provided for penalties for violations of State-mandated watering restrictions. The restricted watering schedules have been lifted; however, the penalties for violations of State-mandated watering restrictions remain in effect. The former CLWA also implemented conservation efforts such as distribution of free low-flow shower heads and hose nozzles and lawn replacement programs funded by CLWA. To complement these programs, the former CLWA also initiated programs to assist commercial and smaller homeowner associations to reduce landscape irrigation usage and to assist residential customers in reducing indoor water use. In 2015, The Santa Clarita Valley Family of Water Supplier’s Water Use Efficiency Plan was completed and adopted by the former CLWA. The former CLWA adopted an addendum to this plan on June 29, 2017 to provide updated information based on the 2015 Urban Water Management Plan. This includes a model which guides the Agency’s conservation efforts in meeting the water use reduction goals under Senate Bill X7-7 (the Water Conservation Act of 2009) (“SB X7-7”) as well as future water demands. Additionally, the Agency recognizes that recycled water is an important source of supply. The Agency is currently in the planning and design phase for a recycled water system in a new community within the Service Area. The recycled water system may provide excess recycled water beyond the needs of the new community, which could enable the Agency to distribute recycled water to neighboring irrigation customers.

NCWD, SCWD and VWC. In response to the various drought executive orders and SWRCB regulations described above, NCWD, SCWD and VWC each adopted a water conservation plans, outdoor watering restrictions, penalties for noncompliance, and robust customer engagement efforts.

SB 606 and HB 1668 (Making Conservation a California Way of Life). Following the drought, the California State Legislature passed Senate Bill 606 and House Bill 1686 (Conservation Long-term Framework). The legislation provides the conservation framework for public water agencies following the sunset of SB X7-7 on December 31, 2020. Where SB X7-7 required urban water suppliers to reduce gallons per capita day by 20% by 2020, the new legislation requires suppliers to comply with annual urban water use objectives based on residential indoor use, residential and dedicated irrigation use, and an annual water loss target. Urban water suppliers are required to start reporting annual water use objectives in 2023. In addition to the annual water use objectives, the framework also provides incentives for increased use of recycled water, new guidance for the Urban Water Management Planning process, performance measures for commercial/industrial/institutional water use, and enhanced drought planning and preparedness. The Agency is currently working with DWR and other urban water

agencies to develop required standards, metrics, and methodologies critical to implementing the water efficiency legislation.

The Agency projects that it will be able to meet existing demands for retail and wholesale water in Fiscal Years 2020 and 2021, even if dry conditions return, from the previously unused State Water Project water and other supplies stored in State Water Project surface reservoirs, the various water supply contracts discussed above and the Agency's groundwater banking and exchange programs described above.

Water Supply Limitations

Factors beyond the control of the Agency could impair the ability of the Agency to supply water to its retail customers in an amount sufficient to yield Net Revenues sufficient to pay the Series 2020 Installment Payments when due. Such factors could include, without limitation, the following:

Weather Patterns. The Agency's existing sources of water could become limited due to changes in Statewide weather patterns caused by climate changes and other factors. The Santa Clarita Valley was not adversely affected during the Statewide drought from 1987 through 1992 nor the recent drought from 2012 to 2017 because the combination of State Water Project deliveries and banked water deliveries to the Agency and locally supplied groundwater were sufficient to meet demand. However, there can be no assurance that currently available water supplies would be sufficient to meet demand under current and future conditions in the event of long-term climate changes that could alter snowpack levels or precipitation patterns. In its most recent California Water Plan (Update 2018), DWR assessed the possible impacts of climate changes on the State's future water supplies and the State Water Project and outlines a path for new or modernized infrastructure, restored ecosystems, efficient regulation, cooperation across water management sectors, and greater return on investment. The Agency, as a State Water Project contractor, will receive updated information from DWR on any impacts to its State Water Project allocations and will update its water supply planning accordingly.

Challenges to Department of Water Resources Water Supplies. DWR faces various challenges in continuing to supply imported water to the State Water Project contractors. The ability of the Agency to provide water to its retail customers and District No. 36 is significantly dependent upon its receipt of imported water from DWR. No assurance can be given that additional water supplies will be secured, or that the Agency will receive its full Table A Amount pursuant to its contract with DWR. A description of the challenges DWR faces in continuing to supply imported water as well as a variety of other operating information with respect to DWR is included in detail under the caption "STATE WATER PROJECT WATER SUPPLY" in DWR's Official Statement dated [____], relating to its Central Valley Project Water System Revenue Bonds Series __ ("DWR's Water Supply Disclosure"). The Agency incorporates DWR's Water Supply Disclosure by specific reference in this Official Statement. DWR's Water Supply Disclosure is the disclosure of DWR and, accordingly, the Agency does not make any representations as to the accuracy or completeness of DWR's Water Supply Disclosure or as to the absence of material adverse changes in DWR's Water Supply Disclosure after the date hereof. See the caption "—Projected Water Sources."

DWR has entered into certain continuing disclosure agreements pursuant to which it is contractually obligated for the benefit of owners of certain outstanding obligations to file with certain information repositories annual reports, notices of certain material events as defined under Rule 15c2-12 of the Exchange Act ("Rule 15c2-12") and annual audited financial statements (the "Department of Water Resources Information"). This information is to be filed by DWR with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>. DWR disclosure documents and annual reports should be reviewed for information pertaining to water supply matters. *DWR has not entered into any contractual commitment with the Agency, the Trustee or the Owners of the 2020 Bonds to provide Department of Water Resources Information to the Agency or the Owners of the 2020 Bonds. The Agency has not incorporated by reference the information filed by DWR described above and none of the Agency, the Municipal Advisor or the Underwriter assumes any responsibility for the accuracy of DWR Information.*

Water Quality Compliance

Water Treatment and Monitoring. The Agency, as the operator of facilities which treats water on behalf of public water systems for the purpose of rendering it safe for human consumption, is subject to the California Safe Drinking Water Act and the Drinking Water Regulatory Program of DDW in implementation of amendments to that act which were added in 1989 and 1996, as well as other state and federal statutes and regulations concerning water quality. To comply with the SWRCB Regulations for Primary and Secondary Drinking Water Standards outlined under the California Administrative Code Title 22, the Agency has a water quality laboratory at the Rio Vista Water Treatment Plant ("Rio Vista Plant"). This laboratory is fully accredited by the SWRCB. Continuous water quality monitoring and daily testing are performed at the Schmidt Plant (defined below) and at the Rio Vista Plant.

Agency facilities currently comply with all applicable State and federal regulations regarding both plant design and water quality standards.

Perchlorate Contamination in Certain Production Wells. In 1997, four production wells in the Saugus Formation were found to be contaminated with perchlorate (a chemical used in the manufacture of solid rocket propellants, munitions and fireworks). The Saugus Formation provides the Santa Clarita Valley with firming supplies of water during dry years, and all of the affected wells are operated by the Agency. Two additional production wells in the alluvial aquifer tested positive for perchlorate in 2002 and 2005. Eight agency wells have been affected by perchlorate. All eight wells were temporarily closed after the detection of perchlorate. VWC had abandoned one impacted well and replaced it with a new well drilled in an uncontaminated portion of the Saugus Formation. In addition, the Q-2 well was temporarily closed and outfitted with wellhead treatment in 2005, but was restored to service without wellhead treatment in 2007.

CLWA, and the former agencies, SCWD, NCWD and VWC filed suit in November 2000 against the current and prior owners of the Whittaker Bermite industrial site, a 996 acre site upon which a munitions manufacturing facility that is the suspected source of the perchlorate contamination was located, seeking restoration of the lost production capacity and other specified damages. The litigation was filed in federal court pursuant to the Comprehensive Environmental Response, Compensation & Liability Act of 1980 (42 USC Section 9601 et seq. or "CERCLA"). The defendants to the litigation served CLWA with counterclaims alleging that CLWA, SCWD, NCWD, and VWC contributed to the migration of the perchlorate contamination from the manufacturing facility through the pumping of groundwater from the affected wells.

In May 2007, the comprehensive Castaic Water Agency Litigation Settlement Agreement (the "Settlement Agreement") was executed by CLWA, SCWD, NCWD, and VWC, and the defendants, which involves estimated potential payment of up to \$100,000,000 by the defendants. Funds have been deposited in escrow which will be disbursed to the Agency and the foregoing retail purveyors to pay for the costs of restoration of wells and contamination removal. The cleanup program has been underway for over thirteen years. CLWA completed construction of the perchlorate treatment facility and related distribution system and the Saugus 1 and Saugus 2 wells (two of the four wells that were shut down in 1997) returned to service in January 2011. The perchlorate treatment facility includes an ion exchange process located at the Rio Vista Intake Pump Station. The Settlement Agreement also provides funds to assist in the payment of operation and maintenance costs for such system for up to 30 years, which the agencies estimate to cost as much as \$50,000,000.

In 2010, VWC detected perchlorate in its V-201 well at levels that exceeded the maximum allowable amount and, in response, took the well out of service. In 2017, VWC began operating a perchlorate treatment system that employs an ion exchange process similar to the one that was used by CLWA for removing perchlorate from the water produced by the Saugus 1 and Saugus 2 wells. Water treated by the system by the Agency as successor to VWC is currently discharged into the Santa Clara River. Following regulatory approval, the Agency will introduce the treated water into the Agency's distribution system. Levels of perchlorate have also been detected by the Agency in the V-205 well and, as a result, the Agency removed the well from service. The Agency began the preliminary design of a treatment system for the V-205 well in May 2020. The Agency

anticipates that the design and construction costs relating to the treatment system will be reimbursement by the Whittaker Corporation pursuant to the terms of the Settlement Agreement.

In May 2019, perchlorate was again detected at levels above the maximum contaminant level (“MCL”) in the Q-2 well. The Agency has developed plans to reinstall treatment equipment at the Q-2 well at a cost of approximately \$1,000,000. The Agency expects these costs to be reimbursed by the Whittaker Corporation pursuant to terms of the Settlement Agreement.

Approximately \$47,000,000 has been reimbursed to the Agency or its predecessors for past expenditures pursuant to the Settlement Agreement. Another \$8,000,000 has been reserved by the Agency to construct wells and pipelines to supply water that will replace capacity lost from contaminated wells. Approximately \$1,000,000 is reimbursed to the Agency annually for operations and maintenance costs related to activities related to restoration of wells and contamination removal. Amounts reimbursed to the Agency for such operations and maintenance costs are treated as Revenues of the Water System.

Under the Settlement Agreement, the Whittaker Corporation has the option to pay for the Agency to seek grant funding, such as money made available by the Department of Defense, other federal programs, or the State, to pay for monitoring, treatment, and other costs not covered by the agreement. Whittaker Corporation is currently not exercising this option.

In 2018, the Agency filed a complaint against the Whittaker Corporation over contamination caused by volatile organic compounds (“VOCs”) detected in groundwater supplies at Saugus 1, Saugus 2, V-201 and V-205 wells. The trial is currently scheduled to begin in September 2020, but the parties are seeking an extension to continue the trial date to January 2021. It is not clear at this time if the impact of the COVID-19 pandemic may result in further delays.

Although the VOCs in groundwater produced at these wells does not violate drinking water standards, DDW has indicated that the levels should be non-detectable at the point where water enters retail turnouts. The Agency met with DDW on April 1, 2020 to discuss, among other things, the status of the water supply permit for the V-201 well. DDW requested additional information on blending and treatment options for VOCs. The Agency has prepared an analysis for these options and intends to submit the requested additional information to DDW.

PFAS. In recent years, federal and state agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding PFAS, focused on limiting levels of PFAS in drinking water sources. PFAS substances are widely used in consumer and industrial products such as fabrics, carpets, firefighting foams, food packing and nonstick cookware and are known for their nonstick, waterproof, and heat and stain resistant properties. In May 2016, the United States Environmental Protection Agency (the “EPA”) established new, lifetime health advisories for Perfluorooctanoic Acid (“PFOA”) and Perfluorooctane Sulfate (“PFOS”) (the two most common synthetic organic chemicals in the group of compounds referred to as PFAS), and advised governmental agencies to notify their state safe drinking water agencies and consumers of the combined or individual presence of PFOA and PFOS over 70 parts per trillion in community water supplies. The EPA health advisories are non-regulatory and serve as technical guidance to assist federal, state and local officials and water system managers by providing information on the health effects of, and methods to sample and treat, PFOA and PFOS in drinking water. In addition, the EPA has initiated steps to evaluate the need for regulation to establish MCLs for PFOA and PFOS under its regulatory determination process

In California, DDW is responsible for establishing the notification levels (the “Notification Levels”) and the Response Levels for local water systems relating to the detection of PFAS in groundwater sources in the State. Notification Levels are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. If PFOA or PFOS are found to be above the respective Notification Level, the exceedance is required to be reported to the governing body of the water system and the SWRCB and is recommended to be reported to the system’s customers. In August 2019, the California Office of Environmental Health Hazard Assessment (“COEHHA”) recommended Notifications Levels for PFOA and PFOS be set at the lowest levels at which they can be reliably detected in drinking water using

currently available and appropriate technologies. DDW updated its guidelines for local water agencies to follow in detecting and reporting PFOA and PFOS and, also in August 2019, established Notification Levels at 5.1 parts per trillion of PFOA and 6.5 parts per trillion for PFOS. California now has the lowest notice levels in the country.

Response Levels are non-regulatory, precautionary health-based measures that are set at higher levels than Notification Levels and represent thresholds at which DDW recommends water systems remove a water source from use or treat it. If a water system does not remove the water source, DDW recommends that the agency notify its local governing body and its customers directly and let them know the reason for continued use of the impacted water source, issue a press release, and conduct regular sampling of such water source. On February 6, 2020, DDW issued new Response Levels for PFOA and PFOS. The Response Level for PFOA is now 10 parts per trillion and the Response Level for PFOS is now 40 parts per trillion (based on a running four-quarter average). California's previous Response Level for PFOS and PFOA was set at a combined concentration of 70 parts per trillion, which was consistent with the EPA's current health advisory level. On March 10, 2020, the EPA announced its preliminary determination to regulate PFOA and PFOS in drinking water. Written comments were due by May 11, 2020.

In connection with lowering the Notification Levels for PFOA and PFOS, the SWRCB also announced that it had begun the process to establish regulatory standards for these two chemicals by requesting OEHHA to establish a public health goal ("PHG"). Once a PHG is established, a State regulation setting an MCL can be developed.

On July 31, 2019, Governor Newsom signed Assembly Bill 756 (Garcia) ("AB 756") into law, the California legislature's first PFAS-related action. AB 756 took effect on January 1, 2020. AB 756 authorized the SWRCB to more broadly order water systems to monitor for PFAS and report their detections. Under AB 756, the SWRCB is permitted to issue a testing order requiring a public water system to monitor for PFAS in accordance with conditions set by the SWRCB. The monitoring results are required to be transmitted electronically to SWRCB. If any monitoring results are undertaken pursuant to an SWRCB order results in a confirmed PFAS detection, the water system must report that detection in its annual consumer confidence report. For PFAS with notification levels, if the detection exceeds the Notification Level, such public water system must notify its governing body of the detection and, in the case of a retail water system, the governing body of any local agency whose jurisdiction includes areas supplied with drinking water by the retail system. If the monitoring detects PFAS in excess of the Response Level, the public water system is also required to either take the water source out of use or provide the public notification to its customers within 30 days of the confirmed detection. AB 756 establishes a variety of requirements for providing such public notice.

As of April 14, 2020, the Agency has determined that 29 of its wells contain either PFOA or PFOS at levels that exceed the Notification Level, and that 17 of its wells contain PFOA and/or PFOS at levels that exceed the Response Level. The Agency has removed each of the wells that have exceeded the Response Level from service. Despite the closure of these wells, the Agency projects that it will be able to meet existing demands for retail and wholesale water in Fiscal Year 2020 from other available sources, including the wells that are currently in service.

Construction of a new water treatment facility began in February 2020 and is expected to be completed in June 2020. The Agency believes that the new water treatment facility will restore the use of a substantial portion of the groundwater that has been impacted due to PFAS chemicals. The Agency expects that the construction of the new water treatment facility will cost approximately \$8,000,000. The Agency is currently conducting a feasibility analysis to prioritize several other well treatment locations. The total capital costs and operation and maintenance costs related to the construction of these treatment systems are estimated to be \$46,000,000 and \$3,000,000, respectively.

Service Area Water Production

Table 2 below sets forth the sources of total water production for the Agency within the Service Area for the last five calendar years, and includes groundwater pumped from wells by the Agency, State Water Project

water acquired and treated by the Agency, recycled water and other imported water sources, but does not include groundwater that is pumped directly by the region’s agricultural and certain private interests not served by the Agency. The Agency anticipates that future water production will be impacted by such factors, as in the past.

Table 2
SANTA CLARITA VALLEY WATER AGENCY
Historic Water Production
(Acre-feet)⁽¹⁾

<i>Calendar Years</i>	<i>Agency Groundwater Production⁽²⁾</i>	<i>Imported Water⁽³⁾</i>	<i>Recycled Water</i>	<i>Imported Water to Others⁽⁴⁾</i>	<i>Total</i>	<i>Increase/ (Decrease)</i>	<i>Percentage Imported</i>
2019	17,118	42,065	458	7	59,648	(7.82)%	71%
2018	22,305	41,999	397	5	64,706	2.15	65
2017	16,194	46,648	501	1	63,344	9.28	74
2016	26,329	30,080	507	1,050	57,966	6.38	52
2015	29,893	23,172	450	976	54,491	N/A	43

(1) Certain water production numbers set forth above reflect adjustments made subsequent to the relevant calendar year.
(2) Includes groundwater production of CLWA, NCWD, SCVWD and VWC prior to January 1, 2018.
(3) Represents State Water Project water supplied by the Agency from DWR under the State Water Project Contract as well as water from the BVWSD-RRBWS Acquisition Agreement and the Yuba Water Accord.
(4) Reflects imported water purchased by District No. 36.
Source: Agency.

Projected Water Sources

CLWA adopted the 2015 Urban Water Management Plan which includes projected water supply and demand figures that differ from those set forth in the 2010 Urban Water Management Plan. The Agency does not expect the projections in the 2015 Urban Water Management Plan to affect the Agency’s operations in a manner that would have a material adverse effect on its ability to make the Series 2020 Installment Payments.

The table below sets forth the projected water sources and demand in calendar years 2025, 2030, 2035, 2040, 2045 and 2050 based on the 2015 Urban Water Management Plan. These figures reflect estimates assuming average weather conditions, groundwater pumping by the Agency based on the groundwater operating plan, and the use of recycled water and other sources under development by the Agency. Actual demand may differ from the demand projected in the 2015 Urban Water Management Plan due to factors such as increased water conversation by Agency customers and the impact of dryer than average hydrological conditions. See the caption “—Recent California Drought and Response” above.

Table 3
SANTA CLARITA VALLEY WATER AGENCY
Projected Water Sources
and
Demand
(Acre-feet)

<i>Calendar Year</i>	2025	2030	2035	2040	2045	2050
<i>Sources</i>						
<i>Groundwater⁽¹⁾</i>	38,775	39,775	41,775	41,775	41,775	41,775
<i>Recycled Water⁽²⁾</i>	5,606	8,077	10,054	10,054	10,054	10,054
Imported Water						
State Water Project	58,500	58,300	58,100	58,100	58,100	58,100
BVWSD-RRBWS	11,000	11,000	11,000	11,000	11,000	11,000
Acquisition Agreement						
Nickel Ranch Program						
(Newhall Land)	<u>1,607</u>	<u>1,607</u>	<u>1,607</u>	<u>1,607</u>	<u>1,607</u>	<u>1,607</u>
<i>Total Imported Water</i>	71,107	70,907	70,707	70,707	70,707	70,707
<i>Total Sources</i>	115,488	118,759	122,536	122,536	122,536	122,536
<i>Demand⁽³⁾</i>	74,600	80,800	86,100	88,500	90,900	93,900

⁽¹⁾ Represents groundwater pumped with existing and planned wells from the Alluvial Aquifer and the Saugus Formation.

⁽²⁾ Reflects recycled water use in calendar year 2015 plus projected additional supply made available through the expected development of additional sources in 2020.

⁽³⁾ Demand is as provided in the 2015 Urban Water Management Plan.

Source: Agency; 2015 Urban Water Management Plan.

THE WATER SYSTEM

Water Conveyance and Treatment Facilities

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply water delivered through the State Water Project to customers and District No. 36. The California Aqueduct releases water to the Agency at the Castaic Lake Reservoir (the "Castaic Reservoir"). The Castaic Reservoir is a multiple use reservoir owned by DWR which serves as the terminal point of the west branch of the California Aqueduct.

The Agency's water conveyance and water treatment facilities are described below.

Intake Piping. The Earl Schmidt Filtration Plant receives water from a connection to the State Water Project's 60-inch diameter outlet conduit from the Castaic Reservoir. A 54-inch diameter conduit connects with the State's outlet conduit and eventually decreases in diameter to 42 inches before forming the header manifold for the Pump Station.

Earl Schmidt Intake Pump Station. The Earl Schmidt Intake Pump Station (the "Pump Station") is located near the shore of the afterbay below the Castaic Dam located at the southern end of Castaic Reservoir. The Pump Station consists of five 350 horsepower vertical turbine pumps each with a rating at 1.2 to 15.5 mgd and two 350 horsepower vertical turbine pumps each with a rating of 14 mgd. The pumping units are used when the water level in the reservoir falls below the elevation necessary to permit gravity flow of water from the reservoir to the filtration plant. The Pump Station can deliver at least 56 mgd to the Earl Schmidt Filtration Plant.

Earl Schmidt Filtration Plant. The Earl Schmidt Filtration Plant (the “Schmidt Plant”), located at the southern end of the Castaic Reservoir, treats State Water Project water for domestic uses. The Schmidt Plant was completed in 1980 with an original capacity of 12.5 mgd and was expanded to a capacity of 25 mgd in 1988. In 2001, the Schmidt Plant was re-rated at 33.6 mgd. In 2005, the Schmidt Plant was expanded to 56 mgd. The treatment process includes ozonation, coagulation, contact clarification, and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered, treated and returned to the headworks. The Schmidt Plant also includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two steel tanks provide a total of ten million gallons of treated water storage.

Rio Vista Water Treatment Plant. The Rio Vista Water Treatment Plant (the “Rio Vista Plant”) is located in the City of Santa Clarita and treats water for domestic uses. Its current capacity is 66 mgd, but the site has sufficient area for a treatment plant with an ultimate capacity of 120 mgd. The treatment process technology includes ozonation, coagulation, contact clarification and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered and returned to the headworks. The Rio Vista Plant includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two clear well reservoirs provide a total of 30 million gallons of treated water storage.

The Rio Vista Plant site includes the seven-acre Water Conservatory Garden and Learning Center (the “Garden”), which informs and educates local water consumers on the source and treatment of their water supply, as well as means to conserve this resource. The Garden and other water education programs of the Agency have received numerous awards, honors and grants from the American Water Works Association, the Association of California Water Agencies, and the California Department of Education, among others.

Rio Vista Intake Pump Station. The Rio Vista Intake Pump Station pumps water from The Metropolitan Water District of Southern California (“MWD”) Foothill Feeder to the Rio Vista Water Treatment Plant.

Water Transmission Pipelines. The Castaic Conduit serves as the pipeline connection between the Schmidt Plant and the Rio Vista Plant. It also serves as the main pipeline for conveying treated water to its retail water facilities and District No. 36 through a series of turnouts and laterals.

The portion of the Castaic Conduit between the State outlets works and the Pump Station has a nominal design capacity of 67 mgd. Southerly of the Schmidt Plant, the Castaic Conduit was designed with a nominal capacity of 50 mgd along the length of the 54-inch diameter pipeline, which extends approximately five miles southeast through the center of the Service Area eventually transitioning to a 39-inch diameter pipeline with a design capacity of 27 mgd, where it connects with the Honby and Newhall Laterals which in turn provide water to the retail water facilities and District No. 36. Approximately two miles of 84-inch diameter pipeline with a nominal capacity of 124 mgd connects the Rio Vista Plant to the 39-inch diameter pipeline.

CLWA constructed the Newhall Parallel which connected to the treated water pipeline and provides additional water to the southern portion of Valencia. The Newhall Parallel begins as a 54-inch pipeline and reduces to a 24-inch pipeline. Additionally, CLWA constructed three phases of the Magic Mountain Pipeline, a 42-inch pipeline that connects to the Newhall Parallel and will provide water to the western portion of the Service Area.

Sand Canyon System. In 2007 the Agency completed construction of the Sand Canyon Pipeline System which consists of a pump station, pipeline and reservoir to convey imported water from the end of the existing Honby Lateral to the southern Sand Canyon area. The reservoir also provides emergency storage. The Sand Canyon Pipeline is a 48-inch pipeline, approximately 5 miles in length that delivers water to retail purveyors through seven turnouts. The Sand Canyon Pump Station has a capacity of 30,000 gallons per minute. The Sand Canyon Reservoir can store up to 7,000,000 gallons of treated water.

Recycled Water System. The Agency purchases and distributes recycled water from the Los Angeles County Sanitation District's Valencia Water Reclamation Plant. The facilities include a 24-inch recycled water pipeline that runs from the Valencia Water Reclamation Plant south to the TPC at Valencia golf course, as well as a 1.5 million gallon recycled water reservoir located near the golf course.

The Agency delivers water to customers through its retail water facilities and District No. 36 through twenty-four turnouts.

The Agency's water delivery facilities consist of the following facilities:

Groundwater Wells. The Agency has 41 operational groundwater wells within the alluvial aquifer and the Saugus Formation aquifer, the two groundwater aquifer systems in the Santa Clarita Valley. The 41 wells have a combined capacity of 74,000 gallons per minute ("gpm"). Recently, the Agency has taken a number of the wells out of service due to the detection of PFOS and PFOA. See the captions "THE WATER SUPPLY –Sources of Supply-Groundwater" and "-Water Quality Compliance-PFAS" herein. The Agency has sufficient pumping capacity with the wells which have not been taken out of service to provide water service to all customers within the Service Area. The Agency has an ongoing well replacement and rehabilitation program to ensure that its groundwater facilities operate in an efficient and reliable manner.

Storage Facilities. The Agency has 99 storage facilities, that consisting steel tanks located above and partially above ground, ranging in size from 0.05 million gallons to 15 million gallons, with a combined storage of 204 million gallons.

Booster Facilities. Due to the topography of the Santa Clarita Valley, the Agency operates 64 pumping facilities in order to deliver water to certain portions of its Service Area located in higher elevations. The pumping facilities have a flow rate range of 60 to 10,400 gpm, a combined capacity of 266,654 gpm and 168 pumps in total.

Turnouts. The Agency has 24 turnouts with a combined capacity of 108,800 gpm and 40 total pumps. Turnouts are locations where imported water is delivered to the Agency's distribution system. Some of the Agency's turnouts require pumps to supply water to higher elevations. Other turnouts supply water through gravity without the need for pumping. The Agency treats its imported water supplies at the Schmidt Plant and the Rio Vista Plant.

Pipelines. The Agency has 861 miles of pipeline ranging from 2 to 102 inches in diameter. The pipelines in the Agency's system are made of a variety of different materials including steel, asbestos cement, PVC and ductile iron.

Sewer Facilities. The sewer facilities are located in a portion of Canyon Country area of the City. The facilities include the Shadow Pines Lift Station (the "Lift Station") and sections of transmission force and gravity mainline. The Agency plans to upgrade the mainline and the Lift Station to comply with current County design standards and then transfer ownership of the sewer facilities to the City. The upgrades are required prior to the transfer because the County is responsible for the maintenance of the City owned sewer system. The Agency estimates that the total costs of the updates will be approximately \$6,000,000 for the Lift Station and transmission force mainline and \$4,500,000 for the gravity mainline upgrades. A portion of the costs of the improvements to the transmission force mainline will be paid with sewer connection fees collected by the Agency for developments that would feed into the Lift Station. The Agency is in the process of identifying financing options for the costs of the Lift Station and the remaining portion of the costs of the transmission force mainline. The gravity mainline upgrades are planned to be funded through the Agency's capital improvement program.

Historic Retail Water Sales and Water Sales Revenues

The following table presents a summary of the Agency's historic retail water sales in acre-feet and water sales revenues received by the Agency.

Table 4
SANTA CLARITA VALLEY WATER AGENCY
Historic Retail Water Sales and Water Sales Revenues⁽¹⁾
(Acre-feet)

<i>Fiscal Year</i>	<i>Water Sales⁽²⁾</i>	<i>Increase/(Decrease)</i>	<i>Water Sales Revenues⁽²⁾</i>	<i>Increase/(Decrease)</i>
2019	57,067	(8.1)%	\$82,939,784	(0.9)%
2018	62,091	14.1	83,694,557	10.4
2017	54,439	11.9	75,822,167	14.3
2016	48,644	(22.6)	66,358,549	6.8
2015	62,819	N/A	62,154,288	N/A

⁽¹⁾ Includes revenues from the sale of imported water, recycled water and groundwater.

⁽²⁾ Amounts for Fiscal Year 2019 were derived from the audited results of the Agency for Fiscal Year 2019. Amounts for Fiscal Years 2015 through 2018 were derived from the audited results of CLWA, SCWD, NCWD and VWD for Fiscal Years 2015 through 2018.

Source: Agency.

Projected Retail Water Sales and Water Sales Revenues

The following table projects retail water sales and water sales revenues received by the Agency for Fiscal Years 2020 through 2024 based on current demand and water sales estimates derived from the 2019 Facility Capacity Fee Study, the 2015 Urban Water Management Plan and the Agency's Long-Term Financial Plan. The Agency currently anticipates eliminating the wholesale water rate charged to SCWD, NCWD and VWD in Fiscal Year 2021.

Table 5
SANTA CLARITA VALLEY WATER AGENCY
Projected Retail Water Sales and Water Sales Revenues
(Acre-feet)

<i>Fiscal Year</i>	<i>Water Sales⁽¹⁾</i>	<i>Increase/(Decrease)</i>	<i>Water Sales Revenues⁽²⁾</i>	<i>Increase/(Decrease)</i>
2020	59,051	3.5%	\$85,768,483 ⁽³⁾	3.4%
2021	59,222	0.3	85,785,547	(0.1)
2022	59,396	0.3	88,896,661	3.6
2023	59,571	0.3	94,615,350	6.4
2024	59,749	0.3	99,527,570	5.2

⁽¹⁾ Projected Water Sales are based on projected retail demand by customers and retail customer demand derived from the SCV Economic Development Corporation growth projection for Fiscal Years 2021 through 2024. See the caption "—Water Rates and Charges" below for a discussion on the Agency's rate structure.

⁽²⁾ Projected water sales revenues reflect the current rates charged by the three retail divisions of the Agency within their respective service areas in Fiscal Years 2020 and 2021, as described under the caption "—Water Rates and Charges—Current Retail Water Rate Structure and Billing" below. The Agency has assumed an increase in the rates and charges for its water services of 3% in Fiscal Years 2022 and 2023 and 2% in Fiscal Year 2024. The Agency expects to engage a consultant to prepare a detailed rate

study to develop more uniform rates and charges for retail water within the Service Area and to analyze the need to adjust certain of the Agency's rates, as discussed under the caption "—Water Rates and Charges—*Future Modifications to the Retail Water Rate Structure.*"

⁽³⁾ Reflects projected results as of June 1, 2020. Reflects \$2.5 million in one-time water sales. Such sales are not projected in future years.

Source: Agency.

Largest Retail Customers by Annual Payments

The following table sets forth the ten largest retail customers of the Agency for Fiscal Year 2019, the latest date for which such information is available, as determined by the amount of their respective annual payments.

Table 6
SANTA CLARITA VALLEY WATER AGENCY
Largest Retail Customers by Annual Payments
(as of June 30, 2019)

<i>Customer</i>	<i>Annual Payments</i>	<i>% of Total Water Sales</i>
City of Santa Clarita	\$ 3,291,758	3.97%
GH Palmer	1,055,431	1.27
Five Point	807,763	0.97
LA County Public Works	725,711	0.87
Six Flags Magic Mountain	591,467	0.71
Newhall Land & Farm	433,691	0.52
Tesoro Del Valle HOA	420,461	0.51
Pardee Homes	320,290	0.39
CF Archis X Holdings, LLC	314,084	0.38
The Terrace	<u>293,252</u>	<u>0.35</u>
Total	<u>\$ 8,253,908</u>	9.95%

Source: Agency.

Retail Service Connections

The following table details retail service connections served through the Agency for last five fiscal years.

Table 7
SANTA CLARITA VALLEY WATER AGENCY
Historical Retail Service Connections

<i>Fiscal Year</i>	<i>Service Connections⁽¹⁾</i>	<i>Increase/ (Decrease)</i>
2019	73,776	0.78%
2018	73,197	0.68
2017	72,699	0.64
2016	72,232	2.64
2015	70,369	N/A

⁽¹⁾ Amounts for calendar year 2019 were derived from the results of the Agency for such fiscal year. Amounts for fiscal years 2015 through 2018 derived from results of SCWD, NCWD and VWD for such fiscal years.

Source: Agency.

As a result of the dissolution of the VWC on January 22, 2018, all of such service connections are service connections of the Agency served through VWD. Effective January 1, 2018, all service connections of the former NCWD are service connection of the Agency served through NWD.

The following table sets forth the projected number of retail service connections for the current and next four fiscal years. The Agency projects that its long-term retail service connections are estimated to increase by an average of slightly above 1 percent per year over the next five years. Failure of development activity to increase as projected would have a material adverse impact upon the number of new retail service connections.

Table 8
SANTA CLARITA VALLEY WATER AGENCY
Projected Retail Service Connections

<i>Fiscal Year</i>	<i>Service Connections</i>	<i>Increase/ (Decrease)</i>
2020	74,733	1.3%
2021	75,788	1.4
2022	76,820	1.4
2023	77,871	1.4
2024	78,943	1.4

Source: Agency.

Newhall Ranch, a proposed development of approximately 21,500 units in the Santa Clarita Valley, could be expected to add Agency accounts.

Water Rates and Charges

Current Retail Water Rate Structure and Billing. Pursuant to the terms of the Agency Law, as long as the indebtedness of SCWD, NCWD or VWC which existed as of December 31, 2017 remains outstanding, such indebtedness shall continue to be allocated to VWD, SCWD or NWD, as applicable, and paid from that retail division’s rates and charges. As a result, each of the three retail divisions currently has separate water rate structures. When all such preexisting indebtedness has been retired, the Agency shall dispense with its tracking of retail divisions for all purposes as soon as feasible. As discussed below, following the issuance of the 2020 Bonds and the defeasance of the Refunded Obligations, the Agency intends to undertake a rate study and move toward a more uniform retail water rate structure within the Service Area.

Valencia Water Division Rate Structure. In anticipation of the effectiveness of the Agency Law and the dissolution of VWC, a cost of service study was initiated by VWC in 2017. The cost of service study complied with the substantive requirements under Proposition 218. See the caption “CONSTITUTIONAL PROVISIONS—Proposition 218” in the Official Statement. On November 14, 2017, the VWC approved rates for the next 3 calendar years. VWC complied with the procedural requirements of Proposition 218 in approving such rates.

The current retail water rates for the Agency for customers served through the VWD consist of a general metered service commodity charge of \$1.839 per billing unit served (one billing unit equates to 748 gallons of water), which commodity charge includes purchased water pass-through charges. There is also an untreated/recycled service commodity charge of \$1.577 per billing unit served, which commodity charge includes purchased water pass-through charges. In addition, a service charge will be added to residential customer bills which charge is based on meter size, varying from \$16.81 per month (for a 5/8-inch residential metered account) to \$3,782.82 per month (for a 14-inch meter). The average monthly residential billing for a ¾” service connection is expected to be \$56.48 based on current water rates and average monthly usage of 17 billing units.

Santa Clarita Water Division Rate Structure. The Agency's current water rate structure for the SCWD consists of a flat rate service charge based on meter size, which varies from \$22.32 per month to \$1,277.81 per month (effective January 1, 2020), plus a commodity charge for water for all customers of \$1.99 per billing unit served (one billing unit equates to 748 gallons of water), which commodity charge does not include potential wholesale water and power pass-through adjustments. As further described below, in November 2017, the Agency replaced the tiered commodity charge with a uniform flat rate commodity charge. The Agency estimates the average monthly residential billing for a ¾" service connection is expected to be \$64.11 based on current water rates and average monthly usage of 17 billing units.

In Fiscal Year 2016, the former CLWA engaged a financial consultant to complete a cost of service rate study. Such rate study was completed in September 2017. In November 2017, CLWA adopted a revised rate structure for SCWD which consists of a uniform flat rate commodity charge (\$1.91 per CCF for calendar year 2018) for water delivered to all classes of customers. In addition, CLWA authorized: (i) an automatic increase in the SCWD commodity charge in calendar years 2019 and 2020 (by no more than 10% each calendar year) to account for any increase in costs of water delivered by the wholesale water system to SCWD and (ii) increases, to be determined by the Board, in the SCWD commodity charge through December 31, 2020 (not to exceed 5% each calendar year), to account for any increases in costs of electricity delivered by Southern California Edison. In adopting such rate increases, the CLWA board complied with the procedural and substantive requirements described in the Official Statement under the caption "CONSTITUTIONAL PROVISIONS."

Newhall Water Division Rate Structure. In June 2015, the NCWD approved rates through June 2020. NCWD complied with the procedural requirements of Proposition 218 in approving such rates. The Agency's current water rates (effective July 1, 2019) for NWD consists of a flat rate service charge based on meter size, which varies from \$16.14 per month to \$1,237.58 per month, plus a commodity charge for water for single family dwelling residential customers of \$2.8542 per billing unit served (one billing unit equates to 748 gallons of water). The Agency estimates the average monthly residential billing for a ¾" service connection is expected to be \$64.66 based on current water rates and average monthly usage of 17 billing units.

Billing Procedures. Since the merger of CLWA and NCWD on January 1, 2018 and VWC on January 22, 2018, the retail divisions (NWD, SCWD, VWD) were operating under their pre-merger rules and regulations pertaining to retail customers. The Agency aligned customer service practices and processes across all three divisions and developed a new customer service policy for all retail customers of the Agency, which includes the new provisions of Senate Bill 998 ("SB 998") regarding discontinuation of domestic water service for non-payment. The Agency was required to comply with the provisions of SB 998 by February 1, 2020.

Water charges are billed to retail customers monthly and have a due date of 3 days from the date that the bill is generated. Bills not paid after 45 days from the bill generation date are considered overdue. When a bill becomes overdue, an overdue notice is generated, which includes the termination of service language required in SB 998, and the customer will be billed an overdue notice fee. If the bill remains unpaid 64 days after the bill generation date, the service will be disconnected and the customer will be charged the applicable fees to reconnect the service. Due to the COVID-19 pandemic, and in response to Executive Order N-42-20, the Agency has waived late fees and will not terminate service until July 1, 2020. See the caption "Investment Considerations – COVID-19 Pandemic" in the forepart of this Official Statement for a discussion of Executive Order N-42-20. The cost to the customer of reconnecting water service is based on the outstanding balance of the water bill plus the overdue notice fee of \$10, the disconnection fee of \$30 and a reconnect fee of \$30 during normal business hours. If the customer is overdue repeatedly, a deposit may be required in addition to the bill payment and reconnect fee. New customers are required to provide proof of identity in order to open a new account.

Write-off expenses as the result of delinquent accounts were less than 0.1% of total billings in Fiscal Year 2019.

Future Modifications to the Retail Water Rate Structure. Following the issuance of the 2020 Bonds and the defeasance of the Refunded Obligations, the Agency intends to prepare a detailed rate study to develop more uniform rates and charges for retail water within the Service Area. The Board expects to adopt a comprehensive

rate plan based on the findings of the rate study, subject to the notice, public hearing and protest provisions of Proposition 218. See the Official Statement under the caption "CONSTITUTIONAL PROVISIONS."

The Agency cannot predict at this time whether the rates and charges identified in the rate study will be higher or lower than the rates and charges currently in effect in the retail divisions. If a rate plan is adopted by the Board, there is no assurance that the Board will not repeal or modify any rate increases that are scheduled under the rate plan in the future or that the Agency's ratepayers will not approve an initiative to repeal or modify any increase in water rates and charges approved by the Board.

Ratepayer Advocate Requirement of the Agency Law. In accordance with the Agency Law, on November 6, 2018, the Agency developed a rate setting process, including necessary rules and procedures, to include an independent ratepayer advocate (the "Ratepayer Advocate") to advise the Board and provide information to the public before the adoption of new wholesale rates and retail water service rates and charges. The Agency Law requires that the Ratepayer Advocate be selected by and report directly to the Board and be independent from Agency staff. The Agency Law provides that the Ratepayer Advocate will advocate on behalf of customers within the Agency's boundaries to the Board. The Board is not authorized to eliminate the Ratepayer Advocate before January 1, 2023. On and after January 1, 2023, the Board may eliminate the Ratepayer Advocate by four-fifths vote.

Challenges to Rate Increases. In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations that could affect the ability of the Agency to implement rate increases, which could reduce Net Revenues and adversely affect the security for the Series 2020 Installment Payments. See the Official Statement under the caption "CONSTITUTIONAL PROVISIONS."

Wholesale Rates and Charges. Wholesale rates and charges are charged by the Agency to District No. 36 and are set on an annual basis by action of the Agency Board. Such wholesale rates and charges are not subject to the approval of the voters or other governmental entities. See the Official Statement under the caption "CONSTITUTIONAL PROVISIONS."

Agency Revenue Derived from Property Taxes

The Counties each levy a 1% property tax on behalf of all taxing agencies in the respective boundaries, including the Agency. The Agency's receipt of such property tax revenues is in addition to the Agency's levy of property taxes upon all property in the Agency's boundaries not exempt from taxation to pay amounts due under the State Water Project Contract. See the caption "THE SANTA CLARITA VALLEY WATER AGENCY—Outstanding Obligations—Other Long-Term Obligations." All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, nonprofit hospitals and charitable institutions.

The taxes collected are allocated to taxing agencies within the respective Counties, including the Agency, on the basis of a formula established by State law enacted in 1979 and modified from time to time. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (due to new construction, change of ownership, or a 2% inflation allowance allowed under Article XIII A of the State Constitution) prorated among the jurisdictions which serve the tax rate area within which the growth occurs. Tax rate areas are groups of parcels which are taxed by the same taxing entities. Cities, counties, special districts and school districts share the growth of "base" revenues from each tax rate area. Assessed valuation growth is cumulative, i.e., each year's growth in property value becomes part of each agency's allocation in the following year.

California law exempts \$7,000 of the assessed valuation of an owner-occupied dwelling but this exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes which would have been payable on such exempt values is made up by the State.

Under Assembly Bill 454 (Statutes of 1987, Chapter 921) (“AB 454”), the State reports to each county auditor-controller only the county-wide unitary taxable value of State-assessed utility property, without an indication of the distribution of the value among tax rate areas. The provisions of AB 454 apply to all State-assessed property except railroads and non-unitary properties, and do not constitute an elimination of a revision of the method of assessing utilities by the State Board of Equalization. AB 454 allows generally valuation growth or decline of State-assessed unitary property to be shared by all jurisdictions within a county.

From time to time legislation has been considered as part of the State budget to shift property tax revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the 1992-93 State budget shifted approximately 35% of many special districts’ shares of the countywide 1% *ad valorem* property tax, the share of the countywide 1% *ad valorem* property tax pledged to debt service by special districts, such as the Agency, was exempted. The 2004-05 State budget reallocated additional portions of the special districts’ shares of the countywide 1% *ad valorem* property tax shifting a portion of the property tax revenues collected by the Counties from special districts to school districts. As a result of the 2004-05 State budget, CLWA lost approximately \$14.2 million of property tax revenues, cumulatively, over Fiscal Years 2005 and 2006. Pursuant to the State fiscal year 2005 budget, such property tax revenues reverted to the CLWA in Fiscal Year 2007.

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State may not, among other things: (i) shift property taxes from local governments to schools or community colleges; or (ii) change how 1% *ad valorem* property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature. Beginning in Fiscal Year 2010, the State is allowed to shift to schools and community colleges a limited amount of local government property tax revenues if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. In the event of a severe financial hardship, is possible that the State may propose legislation to shift additional local property tax revenue, including tax revenue of the Agency.

On July 28, 2009, the Governor of the State signed a revised State fiscal year 2010 budget which included a shift of approximately 8% of the 1% *ad valorem* property tax revenues (other than unitary taxes) from certain local agencies, including the Agency, to school districts and other governmental agencies. CLWA participated in the State of California Proposition 1A Receivables Program to securitize its receivable from the State, and as a result received the funds shifted, without interest, in two installment payments in 2010 from the California Statewide Communities Development Authority.

There can be no assurance that the property tax revenues the Agency currently expects to receive will not be further reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future it could have a material adverse effect on the receipt of 1% property tax revenue by the Agency. The Agency currently expects that existing reserves and the statutory authority to raise water rates may offset future property tax revenue losses. 1% *ad valorem* property tax revenues constitute Revenues of the Water System pledged to payment of the Series 2020 Installment Payments; although, debt service with respect to the 1999 Certificates and the 2018A Bonds is expected to be paid from such 1% *ad valorem* property tax revenues. See the Official Statement under the caption “SECURITY FOR THE 2020 BONDS—Water System Revenue Pledge” and Appendix C—“DEFINITIONS AND SUMMARY OF THE INDENTURE” under the caption “Definitions—Revenues.”

In response to the COVID-19 pandemic, the Treasurer-Tax Collector of the County announced that penalties assessed on taxpayers for a failure to pay the property tax installment that was due by April 10, 2020 may be eligible for cancellation by the Treasurer-Tax Collector if the failure was related to COVID-19. Under State law, the Treasurer-Tax Collector is authorized to cancel penalties, costs and other charges, but only when the

taxpayer is unable to deliver payment due to reasonable cause and circumstances beyond the taxpayer's control. In the County, if taxpayer did not make the property tax installment by April 10, 2020, such taxpayer is permitted to submit a request for penalty cancellation to the Treasurer-Tax Collector via the Treasurer-Tax Collector's website. If the delinquent payment is due to COVID-19, the delinquent taxpayer must specifically describe how COVID-19 prevented such taxpayer from paying the property tax installment prior to the deadline. The Treasurer-Tax Collector will decide whether to cancel the penalty on a case-by-case basis. In addition, the Treasurer-Tax collector will also determine the timeframe within which a taxpayer whose penalty was cancelled will have to pay the delinquent property tax installment on a case-by-case basis based on such taxpayer's individual circumstances.

Ventura County's Treasurer-Tax Collector announced a similar policy under which the Treasurer-Tax Collector of Ventura County may waive late payment penalties and fees relating to a late payment of the property tax installment that was due on April 10 if such late payment was due to significant economic hardship caused directly by the COVID-19 pandemic that prevented the taxpayer from paying the installment between February 1, 2020 and April 10, 2020. If the waiver is granted, the new payment date for the delinquent installment is August 31, 2020. If the delinquent installment is not paid by such date, the previously waived penalties and fees, including redemption penalties and fees that will begin accruing on July 1, will be restored to the taxpayer's bill.

The Agency cannot predict what impact the penalty cancellation policies of the County and the County of Ventura related to COVID-19 will have on the property taxes collected by the County and the County of Ventura, respectively, and the allocation of the 1% *ad valorem* property tax revenues received by the Agency. In addition, the Agency cannot predict whether the County or the County of Ventura will extend this policy beyond the property tax installment that became delinquent on April 10, 2020.

On May __, 2020, the Agency submitted letters to the County and the County of Ventura directing each Treasurer and Tax Collector to remit all amounts allocated by the respective county from the 1% *ad valorem* property tax to the Agency to the Depository Agent under the Depository Agreement. Pursuant to the Depository Agreement, the Depository Agent shall, upon direction of the applicable trustee, transfer amounts on deposit in the 1% Property Tax Account not later than ten (10) Business Days prior to each date on which principal and/or interest is due on the 1999 Certificates and the 2018A Bonds, the amount necessary to cause the respective payment fund for the 1999 Certificates and the 2018A Bonds to equal the amount of principal and/or interest due on the 1999 Certificates and the 2018A Bonds on such date. On each August 2, the Depository Agent shall transfer any amounts in the 1% Property Tax Account to the Agency for deposit in the Revenue Fund.

The Agency will covenant in the Amendment No. 1 to Trust Agreement related to the 1999 Certificates and Amendment No. 1 to Installment Purchase Agreement related to the 2018A Bonds that, so long as the 1999 Certificates and the 2018A Bonds, as applicable, remain Outstanding, the Agency shall (i) not terminate or otherwise discontinue or suspend its (a) instruction and direction to the County of Los Angeles to transfer the amounts allocated by the County of Los Angeles constituting the Agency's share of the 1% *ad valorem* property tax directly to the Depository Agent for deposit in the 1% Property Tax Account of the Revenue Fund, and (b) instruction and direction to the County of Ventura to transfer the amounts allocated by the County of Ventura constituting the Agency's share of the 1% *ad valorem* property tax directly to the Depository Agent for deposit in the 1% Property Tax Account of the Revenue Fund; (ii) enter into such agreement or take such further action reasonably necessary from time to time to implement the instruction and direction to the County of Los Angeles and the County of Ventura to transfer the 1% *ad valorem* property tax directly to the Depository Agent; and (iii) shall maintain the Trustee at all times as the trustee for all other indebtedness or obligations which are payable from and secured by a subordinate pledge of and lien on the Revenues or any moneys in the Revenue Fund.

The table below sets forth the total amount received by the Agency from the Agency's share of the 1% *ad valorem* property taxes levied in the Counties in the last five Fiscal Years.

Table 9
SANTA CLARITA VALLEY WATER AGENCY
Share of 1% Property Tax Levy

<i>Fiscal Year</i>	<i>Agency Share of 1% Levy⁽¹⁾</i>	<i>Increase/ (Decrease)</i>
2019	\$26,645,997	15.1%
2018	23,148,853	(4.5)
2017	24,250,187	4.5
2016	23,198,166	4.7
2015	22,150,141	N/A

⁽¹⁾ Amounts for Fiscal Year 2019 were derived from the audited results of the Agency for Fiscal Year 2019. Amounts for Fiscal Years 2015 through 2018 were derived from the audited results of CLWA and NCWD for Fiscal Years 2015 through 2018.

Source: Agency.

Property taxes levied by the Agency to pay State Water Project contract costs are not pledged to the Series 2020 Installment Payments and are not included in the amounts shown in the above table.

Service Area Growth and Development Entitlements

Based on current development activity, the Agency currently expects moderate growth within its Service Area in the current and next few Fiscal Years. The Agency's capital improvement program is based on projected water demands at final build-out of the Agency's service area. Although it is uncertain when specific development(s) will occur, for purposes of planning the Agency has assumed all of these developments will occur over the next 35 years.

As reported in the Agency's 2015 Urban Water Management Plan, VWC, NCWD and District No. 36 provided projected water demands through the year 2050 based on development projects that were under evaluation, were in the planning process, or the result of their own water planning efforts within their service area. The total projected water demand within the Service Area and District No. 36 (which excludes groundwater pumping by individuals and local agriculture) is estimated to increase from 68,900 acre-feet in 2020 to 93,900 acre-feet in 2050, representing an average annual increase of 1.3%. These projections were compared with population projections prepared by the City and County and were found to be reasonable and consistent with long term planning assumptions for the Agency's service area. The timing of future development is dependent on a number of factors, including but not limited to litigation, general economic conditions and real estate market conditions.

Proposed real estate development within the Service Area is contingent upon the construction and acquisition of a number of public improvements. The installation of the necessary infrastructure improvements and the construction of residential development is subject to the receipt of discretionary approvals and entitlements from a number of public agencies and has in some cases been the subject of litigation brought by opponents to such development. The failure to obtain any necessary approvals could adversely affect the planned land development within the Service Area.

In addition, there can be no assurance that land development operations within the Service Area will not be adversely affected by adverse economic conditions, a decline in real estate value or future government policies, including governmental policies to restrict or control development. In recent years, a number of communities in Southern California, including the City, have placed on the ballot initiative measures intended to control the rate of future growth.

Facility Capacity Fees

The Agency Law authorizes the Agency to implement Facility Capacity Fees for each new Agency retail connection and for service through District No. 36's water system. The former CLWA had been imposing Facility Capacity Fees pursuant to the CLWA Law since October 1, 1987. The actual amount of Facility Capacity Fee charged varies depending on the Agency's projected cost to provide water to a given water service area (each a "Water Service Area") in which the subject property is located. Prior to January 1, 2018, CLWA based its Facility Capacity Fees upon the cost to treat and transmit one acre foot of water per year to 10 Water Service Areas. Effective January 1, 2018, the 10 Water Service Areas have been consolidated into four and the Facility Capacity Fees are based upon meter capacity, measured in equivalent meter units.

Facility Capacity Fees are paid to the Agency directly by developers or property owners within the Service Area shortly before the issuance of a building permit by the County or the City. If a connection is not ultimately made to the property that is the subject of the permit, the Facility Capacity Fees are refunded. Although the City and County direct building permit applicants to the Agency for the payment of the Facility Capacity Fees, there is no formal contractual arrangement between the Agency and the County or the City. The Agency monitors the issuance of building permits by the County and City to determine whether Facility Capacity Fees have been paid.

The Agency Law authorizes the Agency to secure the payment of delinquent and unpaid Facility Capacity Fees by filing with the County recorder a certificate specifying the amount of the unpaid fees and the name and address of the person responsible for those fees. Facility Capacity Fees were updated in 2019 with the preparation and adoption of a 2019 Facility Capacity Fee Study (formerly called the Data Document).

The following table sets forth the Agency's income from Facility Capacity Fees for all Water Service Areas for the last five Fiscal Years. The current Facility Capacity Fees went into effect on January 1, 2020. Facility Capacity Fees charged in the Agency's four Water Service Areas range from \$3,306 to \$5,967 for a connection size of 5/8" to \$710,718 to \$1,282,922 for a connection size of 12", depending on the Water Service Area.

Table 10
SANTA CLARITA VALLEY WATER AGENCY
Total Facility Capacity Fee Income
(Fiscal Years ending June 30)

<i>Fiscal Year</i>	<i>Facility Capacity Fee Income⁽¹⁾</i>
2019	\$7,448,472
2018	7,356,898
2017	9,594,164
2016	6,747,047
2015	8,193,540

⁽¹⁾ Amounts for Fiscal Year 2019 were derived from the audited results of the Agency for Fiscal Year 2019. Amounts for Fiscal Years 2015 through 2018 were derived from the audited results of CLWA for Fiscal Years 2015 through 2018.

Source: Agency

The following table summarizes the Agency's projected Facility Capacity Fee income for the current and next four Fiscal Years.

Table 11
SANTA CLARITA VALLEY WATER AGENCY
Projected Facility Capacity Fee Income
(Fiscal Years ending June 30)

<i>Fiscal Year</i>	<i>Projected Facility Capacity Fee Income</i>
2020 ⁽¹⁾	\$4,600,000
2021	9,000,000
2022	9,225,000
2023	9,455,625
2024	9,692,016

⁽¹⁾ Reflects projected results as of June 1, 2020.
Source: Agency.

The amount of facility capacity fees received by the Agency is dependent on the level of development activity within the Agency’s boundaries. The level of development activity is influenced by a number of factors, including the economic condition of the region, current home prices, the cost and availability of materials and the availability of financing, among other factors. Concerns over the COVID-19 pandemic, and measures taken by state and local governments to slow the virus’ spread, have altered the behavior of businesses and people in a manner that has significantly slowed economic activity throughout the United States and the region. Economic recession and its associated impacts, including as a result of the COVID-19 pandemic itself, such as job losses, income losses, business closures and housing foreclosures or vacancies, could have an adverse effect on development activity within Agency’s boundaries, resulting in lesser amount of capacity fees collected than projected. Certain anticipated development activity within the Agency’s boundaries may be delayed due to various shelter in place or safer at home orders issued by the State and the Counties. The Agency expects such development to resume once such orders have expired or been modified to be more accommodative to development. At this time, however, the Agency cannot predict the impact that the COVID-19 pandemic and the related governmental orders will have on the receipt of Facility Capacity Fees. For a further discussion of the COVID-19 pandemic and its impact on the Agency, see “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic” in the forepart of this Official Statement.

Capital Improvement Program

The Agency’s engineering staff annually updates the Agency’s projections of future water demand and capital improvement projects. Such evaluation has identified several near-term projects that are necessary to serve the needs of the Agency and District No. 36. These projects will extend the Agency’s water transmission system, expand its recycled water system, expand its water treatment capacity, provide improved reliability to its State Water Project supply, develop groundwater supplies within or outside the Service Area of the Agency, and replace the groundwater extraction capacity lost due to perchlorate contamination. The Agency’s engineering staff has identified projects which may be undertaken over the next seven Fiscal Years with total estimated costs (in Fiscal Year 2020 dollars) of approximately \$412,645,253.

The Agency anticipates financing the cost of these capital improvements from Agency revenues and existing reserves, State or federal loans and grants, cost recovery from the parties liable for the perchlorate contamination of groundwater as well as future financings. The actual timing of these expenditures will depend upon development activity within the Agency, increases in 1% *ad valorem* property tax revenues available to the Agency and other factors. The Agency is currently projecting additional financings contributing approximately \$210,000,000 (in Fiscal Year 2020 dollars) over the next seven Fiscal Years toward the costs of these projects. For planning purposes the Agency is projecting that two of such financings with an aggregate principal amount of \$140,000,000 will be undertaken in Fiscal Years 2022 and 2024. There can be no assurance that such financings will be undertaken in the amounts or at the times currently projected.

Projects undertaken by the Agency, including those undertaken in the capital improvement program of the Agency, are generally subject to the CEQA. Projects involving the participation of certain federal agencies are also subject to the National Environmental Policy Act of 1969, as amended (42 U.S.C. Section 4321) (“NEPA”). As part of its regular planning and budgetary process, the Agency gives careful attention to environmental considerations.

Under CEQA, a project which may have a significant effect on the environment and which is to be carried out or approved by a public agency must comply with a comprehensive environmental review process, including the preparation of an environmental impact report. An EIR includes an independent technical analysis of the project’s potential impacts, as well as the comments of other agencies with jurisdiction over the project and the comments of interested members of the public. If the agency determines that the project itself will not have a significant effect on the environment, it may adopt a written statement (called a negative declaration) to that effect, and it need not prepare an EIR. Once an agency approves or determines to carry out a project, either following the EIR process or after adopting a negative declaration, it must file a written notice of such determination with the county clerk or, if State approval is required, the Office of Planning and Research. Any action or proceeding challenging the agency’s determination must be brought within 30 days following the posting of such notice.

Future State Water Project Obligation

On July 25, 2012, Governor Brown and Secretary of the Interior Ken Salazar announced key proposed elements to advance the Bay Delta Conservation Plan (“BDCP”) planning process, including north Bay-Delta water diversion facilities with a total capacity of 9,000 cubic-feet per second (“cfs”), two tunnels sized to minimize energy use during operations and a “decision tree” process for unresolved operation criteria such as fall and spring outflows. The Draft BDCP and associated Draft Environmental Impact Report/Environmental Impact Statement (“EIR/EIS”) were completed on December 13, 2013. Preliminary cost estimates for the BDCP were approximately \$25.0 billion.

In 2015, the State separated the focus of the BDCP into two efforts: the California EcoRestore (“EcoRestore”) Project and the California Water Fix (“California Water Fix”). California EcoRestore aimed to accelerate and implement a comprehensive suite of habitat restoration actions to support the long-term health of the Bay-Delta’s native fish and wildlife. California Water Fix included construction of the two tunnel diversion facilities described above. The final Environmental Impact Report/Environmental Impact Statement (“FEIR/EIS”) for the California Water Fix project was released in late December 2016. DWR subsequently certified the FEIR/EIS and issued a Notice of Determination approving California Water Fix. No record of decision under the National Environmental Policy Act was issued by USBR with respect to California Water Fix.

In February 2019, Governor Gavin Newsom announced his support for a revised Bay-Delta plan which includes one tunnel as opposed to two-tunnels with respect to the diversion facilities and revised the name of the project from “California Water Fix” to the “Delta Conveyance” project. In response to such announcement, DWR issued a project memorandum which rescinded the Notice of Determination approving the California Water Fix project and all other DWR approvals related to the California Water Fix project based on such Notice of Determination. The project memorandum also announced that DWR would develop a notice of preparation under CEQA to begin the environmental review process for the Delta Conveyance project.

The formal environmental review process for the single tunnel Delta Conveyance project commenced with the issuance by DWR of a notice of preparation under CEQA on January 15, 2020. The new conveyance facilities would include a single 6,000 cfs tunnel to convey water from the new intakes to the existing Harvey O Banks Pumping Plant with alternatives to potentially connect to the federally owned C.W. “Bill” Jones Pumping Plant in the south Sacramento-San Joaquin Delta (the “Delta”). The planning environmental review and conceptual design work by DWR is expected to take approximately 18 to 36 months. A cost estimate prepared for a similarly configured WaterFix alternative resulted in an estimated cost for the project is \$12 billion (in 2019 dollars). The Delta Conveyance Design and Construction Authority is currently preparing a cost estimate for the

Delta Conveyance project that is expected to be available in May of 2020. Such cost estimate may differ materially from the \$12 billion estimate provided for the single tunnel WaterFix alternative.

Pursuant to existing contractual arrangements, CLWA's pay-as-you-go contribution already paid for WaterFix is expected to be refunded to the Agency if and when DWR issues revenue bonds for construction of the Delta Conveyance project. Until such date, the Agency expects to pay its share of the costs to finance Pre-Construction Phase costs through the levy of *ad valorem* property taxes pursuant to the Agency Law.

Design and construction of the Delta Conveyance project is anticipated to take 14 years, if commenced in 2022 as currently projected, and would not be completed until at least 2035. There can be no assurance that projected costs of the Delta Conveyance project referred to above will not increase as a result of revisions to the project, increases in construction or other costs related thereto or otherwise, including the final allocation of costs among the parties. Any changes could be material. In addition, there can be no assurance that the Delta Conveyance project, if undertaken, would be completed within the timeframe currently projected. Any such delay in completion could be material. Any costs incurred by the Agency with respect to the Delta Conveyance project are expected to be paid from *ad valorem* property taxes levied pursuant to the Agency Law and not from Revenues of the Agency. The Agency cannot make any predictions with respect to the timing of the environmental review for the Delta Conveyance project. The Agency also cannot predict at this time what additional financial commitments to the Delta Conveyance project will be made. See the caption "SANTA CLARITA VALLEY WATER AGENCY—Outstanding Obligations—Other Long-Term Obligations."

Future Sites Reservoir Obligations

The Sites Reservoir is a proposed reservoir of approximately 1.8 million acre-feet located in Colusa County. In connection with the Sites Reservoir, a joint powers agency, the Sites Project Authority (the "Sites Authority") was formed by several local water agencies and counties to pursue the development and construction of the project. The Sites Authority undertook a value engineering process and, at this time, is proceeding with a 1.5 million acre-foot reservoir. Changes to the size and configuration of other appurtenant facilities from those initially planned reduced the anticipated cost of the project from \$5.2 billion to approximately \$3.0 billion. The Agency is a member of the Sites Authority's Reservoir Committee. The Sites Reservoir is still in the planning phase and the Sites Authority is in the process of identifying sources of financing, which already include funding from the State's Proposition 1 water bond and United States Bureau of Agriculture.

In 2019, in connection with the planning phase of the Sites Reservoir, the Agency, along with certain local water agencies and counties located in the State (collectively, the "Sites Project Agreement Members"), entered into a project agreement with the Sites Authority (the "Sites Project Agreement"). Under the Sites Project Agreement, each Sites Project Agreement Member agreed, among others things, to pay a share of the costs for the activities undertaken pursuant the Sites Project Agreement in proportions corresponding to specific participation percentages applied to each Sites Project Agreement Member. Such participation percentages can be modified if a new Sites Project Agreement Member is added or a current Sites Project Agreement Member withdraws. The Agency's current participation percentage is 2.1%.

Design and construction of the Sites Reservoir is anticipated to take 7 years, if commenced in 2023 as currently projected, and would not be completed until at least 2030. As the project is still in the planning phase, there can be no assurance that projected costs of the Sites Reservoir will not increase as a result of revisions to the project, increases in construction or other costs related thereto or otherwise, including the final allocation of costs among the parties. Any changes could be material. In addition, there can be no assurance that the Sites Reservoir, if undertaken, would be completed within the timeframe currently projected. Any such delay in completion could be material. Any costs incurred by the Agency with respect to the Sites Reservoir are expected to be initially paid from the Revenues during the planning phase of the Sites Reservoir. If an agreement is reached with DWR and the participating State Water Project contractors to incorporate Sites Reservoir supplies into the State Water Project, the Agency expects to pay obligations incurred in connection with the Sites Reservoir from *ad valorem* property taxes levied pursuant to the Agency Law. The Agency also cannot predict at this time what additional financial commitments to the Sites Reservoir will be made, or whether it will participate in the remaining planning phase or

the construction phase of the project. See the caption “SANTA CLARITA VALLEY WATER AGENCY—Outstanding Obligations—Other Long-Term Obligations.”

WATER SYSTEM FINANCIAL INFORMATION

Historical Financial Operations

A copy of the most recent audited financial statements of the Agency prepared by Lance, Soll and Lunghard, LLP, Certified Public Accountants, Brea, California (the “Auditor”) are included as Appendix B to the Official Statement. The Agency’s contract with the Auditor does not require consent of the Auditor for the use of the financial statements in the Official Statement. The Auditor’s letter concludes that the Agency’s financial statements present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows for the Fiscal Year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America. The Auditor has not reviewed the Official Statement.

The criteria used in determining the scope of a financial reporting entity is based on the provisions of Governmental Accounting Statements No. 14 and 34 (an amendment of No. 14) and GASB No. 61 – *The Financial Reporting Entity*, Omnibus (an amendment of GASB Statements No. 14 and No. 34). The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization’s governing body and: 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The water enterprise fund which relates to the activities of the Water System is accounted for as a proprietary fund. The accrual basis of accounting is followed by a proprietary fund. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Unbilled water and utility services receivables are recorded at year end. Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues, such as water sales, result from exchange transactions associated with the principal activity of the Water System. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the Agency gives (receives) value without directly receiving (giving) value in exchange.

The Agency accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as the Agency (“GAAP”). In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See “APPENDIX B—AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019” Except as otherwise expressly noted herein, all financial information derived from the Agency’s audited financial statement reflect the application of GAAP.

See Note 1 of the Agency’s Annual Financial Report attached to the Official Statement as Appendix B for a discussion of accounting practices of the Agency.

Historical Operating Results and Debt Service Coverage

The table below is a summary of the operating results of the Agency for the six months ended June 30, 2018 (reflecting the operation of the Agency on and after the creation of the Agency) and the Fiscal Year 2019. These results have been derived from the audited financial statements of the Agency for the six month period

ending June 30, 2018, and the audited financial statements of the Agency for Fiscal Year 2019, but exclude certain noncash items and include certain other adjustments. The presentation of the Revenues, the Operation and Maintenance Costs, debt service and debt service coverage are presented in accordance with the provisions of the 2020 Installment Purchase Agreement, not the indentures, installment purchase agreements and other agreements outstanding prior to the issuance of the 2020 Bonds.

Table 12
SANTA CLARITA VALLEY WATER AGENCY
Historic Operating Results and Debt Service Coverage
(Fiscal Years ending June 30)

	2018 ⁽¹⁾⁽²⁾	2019 ⁽²⁾
Revenues		
Water Consumption Sales and services ⁽³⁾	\$ 27,205,144	\$ 82,939,784
Other charges and services ⁽⁴⁾	11,019,191	15,437,581
1% Property Taxes ⁽⁵⁾	13,077,291	26,645,977
Interest Income ⁽⁶⁾	3,404,140	4,338,013
Other Revenue	112,094	1,902,669
Total Revenues	\$ 54,817,860	\$ 131,264,024
Operation and Maintenance Costs⁽⁷⁾		
Source of Supply	\$ 2,567,360	\$ 345,477
Pumping	8,276,837	6,292,006
Transmission and Distribution	2,609,734	6,196,650
Water Treatment	3,395,992	7,042,538
Customer accounts	936,177	1,714,473
Management and Engineering	930,031	4,522,262
General and Administrative ⁽⁸⁾	8,656,365	16,938,294
Maintenance	1,439,882	3,263,353
Water Quality	529,179	1,094,842
Water Resources	2,608,491	5,792,111
Total Operation and Maintenance Costs	\$ 31,950,048	\$ 53,202,006
Plus/Minus Transfers from the Rate Stabilization Fund	-	-
Net Revenues Available for Senior Debt Service⁽⁹⁾	\$ 6,730,201	\$ 29,384,273
Senior Debt Service		
1999 Installment Payments ⁽¹⁰⁾	-	-
Senior Debt Service Coverage ⁽¹¹⁾	N/A	N/A
Net Revenues Available for 2018A Installment Payments ⁽¹²⁾	\$ 6,730,201	\$ 29,391,015
2018A Installment Payments	\$ -	\$ 993,258
2018A Installment Payments Debt Service Coverage ⁽¹³⁾	N/A	29.58
Net Revenues Available for Parity Debt Service ⁽¹⁴⁾	\$ 22,867,812	\$ 77,068,760
Parity Debt Service		
Debt Service on Refunded Obligations ⁽¹⁵⁾	8,064,965	29,433,433
Total Parity Debt Service	\$ 8,064,965	\$ 29,433,433
Parity Debt Service Coverage ⁽¹⁶⁾	2.84	2.62
Total Debt Service Coverage ⁽¹⁷⁾	2.84	2.57
Revenues Available for Other Purposes	\$ 14,802,847	\$ 47,635,327

(1) Reflects six month period ended June 30, 2018.

(2) Totals may not add due to rounding.

(3) Includes sale of SWP water, recycled water, groundwater and certain other water.

(4) Removes State Water Contract costs and refunds that are not pledged as Revenues.

(5) Excludes restricted Property Tax moneys.

(6) Excludes interest earned on debt service reserve funds and financing proceeds funds, unrealized gains on investments and amounts attributable to the VWD interfund loan.

(7) Excludes certain non-cash items and expenses related to restricted funds.

(8) Includes certain fees in connection with the 2008A Certificates (letter of credits and remarketing fees).

(9) Comprised of a portion of the Total Revenues, consisting generally of the Facility Capacity Fees, the 1% Property Taxes and certain other revenues, less a portion of Total Operation and Maintenance Costs. Amount does not include revenues attributable to the Agency's retail operations as provided in 1999 Installment Purchase Agreement.

- (10) The Agency executed and delivered the 1999 Certificates, which are secured by the 1999 Installment Payments, in the currently outstanding principal amount of approximately \$77,339,062.45 (adjusted for the accreted value of capital appreciation certificates as of August 1, 2020). The first payment of principal of and interest on the outstanding 1999 Certificates, which are capital appreciation certificates, is due in Fiscal Year 2022.
- (11) Coverage calculated as Net Revenues Available for Senior Debt Service divided by the 1999 Installment Payments.
- (12) Calculated as Net Revenues Available for Senior Debt Service less the 1999 Installment Payments. Amount does not include revenues attributable to the Agency's retail operations as provided in 2018A Installment Purchase Agreement.
- (13) Coverage calculated as Net Revenues Available for 2018A Installment Payments divided by 2018A Installment Payments.
- (14) Calculated as Total Revenues, less Operation and Maintenance Costs, less the 1999 Installment Payments and less 2018A Installment Payments.
- (15) Includes 2008A Installment payments, 2010A Installment Payments, 2014A Bonds, 2015A Installment Payments, 2016A Installment Payments and 2017A Installment Payments and Newhall Division installment payments. The 2008A Certificates bear interest at a variable interest rate, reset weekly. The 2008A Certificates were prepaid in full on May 6, 2020 and are no longer outstanding. The 2014A Bonds were defeased in full on April 15, 2020 and are no longer outstanding.
- (16) Coverage calculated as Net Revenues Available for Parity Debt Service divided by Total Parity Debt Service.
- (17) Coverage calculated as Total Revenues less Total Operation and Maintenance Costs divided by the sum of the 1999 Installment Payments, 2018A Installment Payments and Total Parity Debt Service.

Source: Agency.

Management Discussion of Historic Operating Results and Debt Service Coverage. In the auditor's report on internal control over financial reporting prepared in connection with the audited basic financial statements of the Agency for the Fiscal Year ending June 30, 2019, the Auditor did not identify any deficiencies in internal control that the Auditor considered to be a material weakness.

The auditor's report on internal control over financial reporting prepared in connection with the audited basic financial statements of the Agency for the six month period ending June 30, 2018, identified the following deficiencies in internal control which the Auditor considered to be material weaknesses: preparation of fiscal year end trial balance, and communication between Divisions. That auditor noted that during its audit of the Agency's June 30, 2018 financial statements, it noted a lack of control with regard to the Agency providing timely, auditable divisional trial balances at the time of the auditor's fieldwork, and over time, the auditor was provided with several iterations of the trial balance which contained material variances from audit support, and had to repeatedly review each trial balance and provide management lists of areas that needed adjustment. The auditor noted that it was required to re-perform its audit procedures in several areas to ensure that the Agency's financial statements were materially correct at June 30, 2018. Furthermore, the auditor noted that such lack of control could have, more likely than not, resulted in a material misstatement in the agency's financial statements, and as a result, the Auditor considers this to be a material weakness within the agency's internal control structure.

The operating results for the six-month period ending June 30, 2018 are not comparable to a similar period during the Fiscal Year ending June 30, 2019, due to several factors including the consolidation of the Agency's retail and wholesale divisions, changes to accounting standards previously employed by certain of the Agency's divisions, a change to the Agency's auditor, variations in hydrological conditions, the seasonality of water consumption, among other factors.

Agency Reserve Policy. In addition to the Debt Service coverage shown above, the practice of the Agency had been to keep significant general reserves. These Agency reserves are not pledged to the payment of the Series 2020 Installment Payments or the 2020 Bonds, but they are anticipated to be available to pay Agency expenses if necessary. The Agency's reserve policies include Operating Reserves of three months of operating expenditures, Debt Service Reserves of annual debt service less restricted debt service reserve funds, Capital Reserves of one year of the current pay-as-you-go capital improvement program and Reserves for Economic Uncertainties and Catastrophic Situations, equal to 500 days of operating expenditures less the Operating Reserves. All of these reserves are funded at or nearly at the required levels. There can be no assurance that the Agency Board will not revise the reserve policy in the future.

Projected Revenues, Operation and Maintenance Costs and Coverage

The table below provides a projection of the operating results of the Agency for Fiscal Years 2020 through 2024, reflecting the Agency's estimate of projected financial results based on certain significant assumptions concerning future events and circumstances, and based on the assumptions set forth in the footnotes to the table. Such assumptions are material in the development of the financial projections of the Agency, and

variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations could be material. The presentation of the Revenues, the Operation and Maintenance Costs, debt service and debt service coverage are presented in accordance with the provisions of the 2020 Installment Purchase Agreement, not the indentures, installment purchase agreements and other agreements outstanding prior to the issuance of the 2020 Bonds.

Table 13
SANTA CLARITA VALLEY WATER AGENCY
Projected Net Revenues and Coverage
(Fiscal Years ending June 30)

	2020 ⁽¹⁾	2021 ⁽²⁾	2022 ⁽²⁾	2023 ⁽²⁾	2024 ⁽²⁾
Revenues					
Water Consumption Sales and services ⁽³⁾	\$ 85,865,934	\$ 85,831,567	\$ 88,923,645	\$ 94,641,168	\$ 99,529,756
Other charges and services ⁽⁴⁾	11,473,096	22,573,811	15,049,211	15,373,171	15,704,633
1% Property Taxes ⁽⁵⁾	27,190,406	27,296,070	27,932,853	28,584,498	29,251,352
Interest Income ⁽⁶⁾	4,232,528	4,363,687	4,465,569	4,571,940	4,682,485
Other Revenue ⁽⁷⁾	982,262	1,003,805	1,022,163	1,040,888	1,059,958
Total Revenues	\$ 129,744,226	\$ 141,068,940	\$ 137,393,442	\$ 144,211,665	\$ 150,228,183
Operation and Maintenance Costs					
Source of Supply ⁽⁸⁾	\$ 2,186,551	\$ 2,599,739	\$ 4,132,908	\$ 3,689,578	\$ 3,224,441
Pumping ⁽⁹⁾	8,570,956	8,912,340	9,179,710	9,455,102	9,738,755
Water Treatment ⁽¹⁰⁾	8,310,290	8,543,841	8,800,157	9,064,161	9,336,086
Transmission and Distribution ⁽¹¹⁾	7,502,370	8,948,109	9,216,552	9,493,049	9,777,840
Customer accounts ⁽¹²⁾	2,722,072	2,720,547	2,802,163	2,886,228	2,972,815
Management and Engineering ⁽¹³⁾	5,153,576	6,907,764	6,564,997	7,311,947	6,981,305
General and Administrative ⁽¹⁴⁾	14,908,773	15,338,299	15,798,448	16,272,401	16,760,573
Maintenance ⁽¹⁵⁾	3,101,393	3,773,238	4,195,555	4,321,421	4,451,064
Water Quality ⁽¹⁶⁾	1,075,839	1,210,792	1,247,115	1,284,529	1,323,065
Water Resources ⁽¹⁷⁾	9,868,186	14,869,996	12,316,095	12,685,578	13,066,146
Total Operation and Maintenance Costs	\$ 63,400,006	\$ 73,824,664	\$ 74,253,701	\$ 76,463,994	\$ 77,632,090
Plus/Minus Transfers from the Rate Stabilization Fund ⁽¹⁸⁾	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues Available for Senior Debt Service⁽¹⁹⁾	\$ 42,340,365	\$ 40,852,456	\$ 36,810,069	\$ 36,944,591	\$ 38,807,921
Senior Debt Service					
1999 Installment Payments ⁽²⁰⁾	\$ -	\$ -	\$ 10,445,000	\$ 10,445,000	\$ 10,445,000
Senior Debt Service Coverage ⁽²¹⁾	N/A	N/A	3.52	3.54	3.72
Net Revenues Available for Parity Debt Service⁽²²⁾	\$ 66,344,220	\$ 67,244,276	\$ 52,694,741	\$ 57,302,671	\$ 62,151,093
Parity Debt Service					
Debt Service on Refunded Obligations ⁽²³⁾	\$ 976,975	\$ 976,975	\$ 976,975	\$ 976,975	\$ 1,618,038
2018A Installment Payments ⁽²⁴⁾	29,650,097	0	0	0	0
2020 Installment Payments ⁽²⁵⁾	-	20,921,683	21,957,482	22,064,358	22,176,301
Total Parity Debt Service	\$ 30,627,072	\$ 21,898,658	\$ 22,934,457	\$ 23,041,333	\$ 23,794,339
Parity Debt Service Coverage ⁽²⁶⁾	2.17	3.07	2.30	2.49	2.61
Total Debt Service Coverage⁽²⁷⁾	2.17	3.07	1.89	2.02	2.12
Revenues Available for Other Purposes	\$ 35,717,148	\$ 45,345,618	\$ 29,760,283	\$ 34,261,338	\$ 38,356,754

(1) Reflects projected results as of June 1, 2020.

(2) Totals may not add due to rounding

(3) Includes sale of SWP water, recycled water, groundwater and certain other water. Reflects projected revenues from retail water sales summarized in Table 5. See the caption "THE WATER SYSTEM – Projected Retail Water and Water Sales Revenues. In addition, amounts include the sales to District No. 36 of approximately \$97,451 in Fiscal Year 2020, approximately \$46,020 in Fiscal Year 2021, approximately \$26,984 in Fiscal Year 2022, approximately \$25,818 in Fiscal Year 2023 and approximately \$2,186 in Fiscal Year 2024.

(4) Includes Facility Capacity Fee revenues, miscellaneous fees and grants and reimbursements, including capital projects and operations and maintenance costs reimbursed pursuant to the Perchlorate Contamination Settlement and Proposition 84 grant revenues relating to recycled water projects. Reflects projected Agency Facility Capacity Fee revenues summarized in Table 11. See the caption "THE WATER SYSTEM—Facility Capacity Fees." Fiscal Year 2021 includes a one-time reimbursement pursuant to the Perchlorate Contamination Settlement of approximately \$6.2 million relating to the replacement of two Agency wells and the retrofitting of another of the Agency's wells and a one-time Proposition 84 grant in the amount of approximately \$2.9 relating to the Agency's recycled water program. Other charges and services are projected to increase by approximately 2.5% in Fiscal Years 2023 and 2024.

(5) Reflects projected Agency share of revenues from the 1% *ad valorem* property tax levy. See the caption "THE WATER SYSTEM—Agency Revenue Derived From Property Taxes." 1% Property Taxes revenues assume an increase of 4.8% from Fiscal Year 2019. For Fiscal Year 2021, the Agency utilized a different method for projecting 1% Property Taxes revenues than had been previously used by the Agency. For

Fiscal Years 2022 through 2024, 1% Property Taxes revenues are projected to increase by approximately 2.3% per annum from the Fiscal Year 2021 amount.

- (6) Assumes earnings at approximately 1.3% per annum on each Fiscal Year's estimated average cash balance, which is calculated on reserve fund balances in conformance with Agency policy. Amounts also include repayments related to the 2018A Installment Payments. Amounts exclude interest earned on debt service reserve funds and financing proceeds funds, unrealized gains on investments and amounts attributable to the VWD interfund loan.
- (7) Includes communication lease revenues, laboratory fees and other miscellaneous revenues. Other revenues are projected to increase by approximately 1.83% per annum from Fiscal Year 2020 amount.
- (8) Amounts not directly comparable to the "Source of Supply" line item for the audited financial statements for Fiscal Year ending June 30, 2019, due to differences in the classification of expenses by the Auditor and Agency's internal budgeting. In addition to the expenses included in the audited financial statements for Fiscal Year ending June 30, 2019, "Sources of Supply" in the above table includes labor burden and benefits associated with activities that are categorized as "Sources of Supply." Certain of such labor burden and benefits were included in the line item "General and Administrative" line in the audited financial statements for Fiscal Year ending June 30, 2019. In addition, Fiscal Year 2020 assumes an increase in costs related to anticipated well maintenance. Amounts for Fiscal Years 2020 through 2024 include operation and maintenance costs associated with the remediation and management of PFAS. The projected decrease in Fiscal 2021 is attributable to an anticipated decline in the amount required for well maintenance in such Fiscal Year. The projected increase in Fiscal Year 2022 is attributable to additional PFAS treatment facilities coming online that will require ongoing maintenance costs and projected well maintenance projects. The projected decreases in Fiscal Years 2023 and 2024 are attributable to anticipated decline in amounts required for well maintenance projects.
- (9) A portion of the increase in Fiscal Year 2020 compared to Fiscal Year 2019 is attributable to the inclusion of certain labor burden and benefits associated with activities that are categorized as "Pumping." Amount for Fiscal Year 2021 assumes additional pumping costs due to expected dry weather conditions. Pumping costs are projected to increase by approximately 3% per annum from the Fiscal Year 2021 amount.
- (10) Amount for Fiscal Year 2021 assumes additional treatment costs due to expected dry weather conditions. Treatment costs are projected to increase by approximately 3% per annum from the Fiscal Year 2021 amount.
- (11) Increases in Fiscal Year 2021 are attributable to the reallocation of certain labor burdens and benefits costs from the "Customer Accounts" line item. Transmission and distribution costs are projected to increase by approximately 3% per annum from the Fiscal Year 2021 amount.
- (12) A portion of the decrease in Fiscal Year 2020 compared to Fiscal Year 2019 is attributable to differences in the classification of expenses by the Auditor and Agency's internal budgeting. The projected decrease in 2021 is attributable to the reallocation of labor burden and benefits to "Transmission and Distribution" line item. Customer accounts costs are projected to increase by approximately 3% per annum from the Fiscal Year 2021 amount.
- (13) Increase in Fiscal Year 2021 is attributable to additional professional services contracts, the expected addition of two engineers, a Board election, reallocation of labor burden and benefits from other departments and an increase of allocation for technology services. Amounts projected to increase by approximately 3% per annum from the Fiscal Year 2021 amount.
- (14) A portion of the decrease in Fiscal Year 2020 compared to Fiscal Year 2019 is attributable to the reallocation of labor burden and benefits to other departments. General and Administrative costs are projected to increase by approximately 3% per annum from the Fiscal Year 2020 amount.
- (15) Amounts projected to increase by approximately 22% in Fiscal Year 2021, approximately 11% in Fiscal Year 2022, and approximately 3% in per annum in Fiscal Years 2023 and 2024. A portion of the increases in Fiscal Year 2021 are attributable to certain outside services and contracting and amounts allocated to recycled pipeline maintenance.
- (16) Amounts projected to increase by approximately 13% in Fiscal Year 2021 and approximately 3% in per annum in Fiscal Years 2022 through 2024. The increase in Fiscal Year 2021 is attributable to costs associated with the purchase of equipment to test for PFAS.
- (17) Fiscal Years 2020 includes approximately \$3.6 million representing the conversion of a portion of the capital cost under the BVWSD-RRBWSD Acquisition Agreement to an operating cost. The portion of the capital cost under the BVWSD-RRBWSD that is converted to an operating cost increases by 5% per annum pursuant to terms of the BVWSD-RRBWSD Acquisition Agreement. The projected increase in 2021 is attributable to one-time \$3 million cost for the procurement of banked water from Yuba Water Accord due to a dry year, increased salary and overtime labor burden and costs associated with certain Agency programs. Amounts projected to increase by 3% per annum in Fiscal Years 2023 and 2024.
- (18) The Agency does not anticipate transferring amounts to or from the Rate Stabilization Fund.
- (19) Comprised of a portion of the Total Revenues, consisting generally of the Facility Capacity Fees, the 1% Property Taxes and certain other revenues, less a portion of Total Operation and Maintenance Costs. Amount does not include revenues attributable to the Agency's retail operations as provided in 1999 Installment Purchase Agreement.
- (20) The Agency executed and delivered the 1999 Certificates, which are secured by the 1999 Installment Payments, in the currently outstanding principal amount of approximately \$77,339,062.45 (adjusted for the accreted value of capital appreciation certificates as of August 1, 2020). The first payment of principal and interest on the outstanding 1999 Certificates, which are capital appreciation certificates, is due in Fiscal Year 2022. While the 1999 Certificates are payable from the Facility Capacity Fees, the Agency share of revenues from the 1% *ad valorem* property tax levy and certain other revenues, less certain operation and maintenance costs of the water system, 1% Property Taxes projected to be applied to the payment of the 1999 Certificates and the Agency expects such 1% Property Taxes to be sufficient to pay the entire amount of the 1999 Installment Payments.
- (21) Coverage calculated as Net Revenues Available for Senior Debt Service divided by the 1999 Installment Payments.
- (22) Consists of Total Revenues less Total Operation and Maintenance Costs less the 1999 Installment Payments.
- (23) Refunded Obligations consists of certain retail and wholesale obligations redeemed with a portion of the proceeds of the 2020 Bonds, as well as certain obligations of the Agency that were repaid during Fiscal Year 2020 from available Agency funds.
- (24) While the 2018A Installment Payments are payable from all Facility Capacity Fees, the Agency share of revenues from the 1% *ad valorem* property tax levy and certain other revenues, less certain operation and maintenance costs and amounts necessary pay the 1999 Installment Payments, 1% Property Taxes projected to be applied to the payment of the 2018A Installment Payments and the Agency expects such 1% Property Taxes to be sufficient to pay the entire amount of the 1999 Installment Payments. Pursuant to the terms of the Installment Purchase Agreement, 1% Property Taxes remaining after being applied to the 1999 Installment Payments are to be applied first to the payment of the 2018A Installment Payments and then to the 2020 Installment Payments.
- (25) Projected at an all-in true interest cost of 2.83% and a principal amount of \$257,225,000.
- (26) Coverage calculated as Net Revenues Available for Debt Service divided by Total Parity Debt Service.
- (27) Coverage calculated as Total Revenues less Total Maintenance and Operation Costs divided by the sum of the 1999 Installment Payments and Total Parity Debt Service.

Source: Agency.

Retirement Benefits

Pension Plan. CLWA and NCWD maintained cost-sharing multi-employer defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS). Pursuant to the Agency Law, the Agency is the successor to CLWA and NCWD for the purpose of providing continuation of membership and will succeed to the assets and liabilities with respect to their pension plans administered by CalPERS. Information with respect to the Agency's CalPERS pension plans are described below.

All qualified permanent and probationary employees of the Agency, including employees of the former VWC and NCWD who became Agency employees, are eligible to participate in the Agency's separate Miscellaneous Employee Pension Plans (the "Plans"), cost-sharing multi-employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the State Governor signed AB 340, which implements pension reform in the State. Effective January 1, 2013, AB 340, among other things: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying any portion of the required member contributions to such retirement systems for employees hired after January 1, 2013 who are new CalPERS members (those who were not already enrolled in a public retirement system through their previous employers or who moved between employers or public retirement systems with a 6 month break in service); (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; and (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period. AB 340 closed the Agency's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013 are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan.

The Plan groups are as follows:

Classic Members - employees hired before January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2% at 55 Plan.

New Members - in accordance with the PEPRA, employees hired on or after January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2.0% at 62 Plan.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<i>Miscellaneous Pool</i>	
	<i>Classic</i> Prior to January 1, 2013	<i>PEPRA</i> On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	Monthly for life	
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.90%	6.50%
Required employer contribution rates	10.152%	7.266%

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of change in the rate. Funding contributions for both Plans are determined annually on actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were as follows:

	2019
Contributions - Employer	<u>\$ 2,182,797</u>

The Agency understands that CalPERS' earnings may be reduced in Fiscal Year 2020 as a result of stock market declines in the wake of the COVID-19 pandemic, which could (depending on the results of an actuarial valuation which will be released in Fiscal Year 2022) increase future contribution rates for plan participants, including the Agency. The Agency is currently unable to assess the likelihood or magnitude of such increases. See "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" in the forepart of this Official Statement.

Net Pension Liability. As of June 30, 2019, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2019
Proportionate share of net pension liability	<u>\$ 13,340,534</u>

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2018 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (the valuation date), rolled forward to June 30, 2018, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency notes that its proportionate share of net pension liability may increase in the future as a result of losses in CalPERS' portfolio resulting from stock market declines in the wake of the COVID-19 pandemic. See "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" in the forepart of this Official Statement.

The Agency's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2017, was as follows:

	<i>Miscellaneous</i>
Proportion - June 30, 2016	0.13026%
Increase in proportion	<u>0.00670%</u>
Proportion - June 30, 2017	0.13729%
Increase in proportion	<u>0.00971%</u>
Proportion - June 30, 2018	<u>0.14700%</u>

Deferred Pension Outflows (Inflows) of Resources. As of June 30, 2019, the Agency reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

<i>Description</i>	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Pension contributions subsequent to measurement date	\$ 2,182,797	\$ -
Differences between actual and expected experience	511,853	174,180
Differences in actual contribution and proportionate share of contribution	-	563,923
Changes in assumptions	1,520,861	372,733
Net differences between projected and actual earnings on plan investments	65,952	-
Adjustment due to differences in proportions of net pension liability	<u>971,347</u>	<u>-</u>
Total	<u>\$ 5,252,810</u>	<u>\$ 1,110,836</u>

As of June 30, 2019, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$2,182,797 and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

At June 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Fiscal Year Ending June 30</i>	<i>Deferred Outflows/ (Inflows) of Resources</i>
2020	\$ 1,503,419
2021	919,492
2022	(343,746)
2023	(119,988)

Actuarial Assumptions. The total pension liabilities were determined by actuarial valuation reports as of June 30, 2017, which were rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.15 Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefits	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50 thereafter

* The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.
The following presents the Agency's proportionate share of the net pension liability for each Plan, calculated using the discount rate, as well as what the Agency's proportionate share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate.

As of June 30, 2019, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	<i>Discount Rate -1%</i>	<i>Current Discount Rate 7.15%</i>	<i>Discount Rate +1%</i>
	<i>6.15%</i>		<i>8.15%</i>
Agency's Net Pension Liability	\$ 22,446,948	13,340,534	5,823,339

For additional information with respect to the Agency's pension plans as of June 30, 2019, see Note 7 of the Agency's Annual Financial Report attached to the Official Statement as Appendix B.

Other Post-Employment Benefits. The Agency provides other post-employment benefits ("OPEB") to qualified employees who retire from the Agency and meet the Agency's vesting requirements. The Agency participates in CalPERS California Employer's Retiree Benefit Trust Program ("CERBT"), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan. CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, California 95814. The Agency has set aside funds to cover retiree health liabilities in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act ("PEMCHA"). Under PEMCHA, the Agency is obligated to contribute toward the cost of retiree medical coverage for all employees who retire from the Agency for the retiree's lifetime or until CalPERS medical coverage is discontinued.

All employees who retire from the Agency who are eligible to continue coverage in retirement will receive a medical benefit not less than the required PEMCHA minimum employer contribution ("MEC"). MEC

benefits continue to a covered surviving spouse as well, if eligible for survivor benefits under the retirement program. The MEC is \$133 per month in 2018 and \$136 per month in 2019.

All Agency retirees are also eligible for 100% paid dental premiums for the retiree and his or her eligible, covered dependents for the retiree's lifetime. Additional retiree medical benefits are payable in the following circumstances, which vary based on the retiree's employment date with the Agency or predecessor agency (CLWA or NCWD).

For retirees hired before January 1, 2009, the Agency pays 100% of the medical premium for the retiree and any enrolled dependents, up to but not exceeding 90% of the PERS Care LA Basic Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family).

For retirees hired on or January 1, 2009, the Agency pays 100% of the medical premium for the retiree and any enrolled dependents, up to but not exceeding a vested percentage of 90% of the PERS Care LA Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family). The vested percent is based on all years of CalPERS membership, but requires at least 5 years of service with the Agency.

Employee Covered By Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

	2019
Participating active employees	194
Retiree employees	<u>51</u>
Total plan membership	<u>245</u>

Discount Rate. The discount rate to measure the total OPEB liability was 7.00%, which is based on the long-term return on plan assets assuming 100% funding through CERBT. The projection of cash flows used to determine the discount rate assumed that liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

Discount Rate. The Agency's net OPEB liability was \$5,559,190. The breakdown by fund is as follow:

	Net OPEB Liability (Asset)
Regional Water Division	2,348,354
Santa Clarita Water Division	1,145,617
Newhall Water Division	2,135,808
Valencia Water Division	<u>(70,589)</u>
Total plan membership	<u>5,559,190</u>

Deferred OPEB Outflows (inflows) of Resources. For the year ended June 30, 2019, the Agency recognized OPEB expense of \$213,593. At June 30, 2019, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,377,824	\$ -
Differences between actual and expected experience	5,529	2,117
Changes in assumptions	1,525,266	2,966,764
Net differences between projected and actual earnings on investments	<u>-</u>	<u>-</u>
Total	<u>\$ 3,908,619</u>	<u>\$ 3,282,005</u>

As of June 30, 2018, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of \$601,683. The employer OPEB contributions in the amount of \$601,683, will be recognized as a reduction of the net OPEB liability in the fiscal year ended, June 30, 2019.

At June 30, 2019, other amounts, reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<i>Period Ending June 30, 2019</i>	<i>Net Deferred Outflows/Inflows of Resources</i>
2020	\$ (318,518)
2021	(318,517)
2022	(318,516)
2023	(291,183)
2024	(233,403)
Thereafter	(271,073)

Actuarial Assumptions. The Agency's total OPEB liability in the June 30, 2018 actuarial valuation, which was measured at June 30, 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018
Actuarial cost method	Entry Age Normal cost mod in accordance with the requirements of GASB Statement No. 75
Long Term Return on Assets	7.28% as of June 30, 2017 and 7.00% as of June 30, 2018 net of plan investment expenses and including inflation.
Discount Rates	7.28% as of June 1, 2017 and 7.00% as of June 30, 2018.
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed Wage Inflation	3.0% per year; used to determine amortization payments for developing the Actuarially Determined Contributions.
General Inflation Rate	2.75% per year.

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the CalPERS using data from 1997 to 2011.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. As of June 30, 2019, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<i>Discount Rate -1% 6.00%</i>	<i>Current Discount Rate 7.00%</i>	<i>Discount Rate +1% 8.00%</i>
Net OPEB Liability	\$ 9,016,852	5,559,190	2,764,904

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. As of June 30, 2019, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB

liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1- percentage point higher than the current healthcare cost trend rates:

	<i>Healthcare Cost Trend Rates -1%</i>	<i>Current Healthcare Cost Trend Rate</i>	<i>Healthcare Cost Trend Rates +1%</i>
Net OPEB Liability	\$ 2,343,359	5,559,190	9,954,058

Changes in the Net OPEB Liability. Changes in the net OPEB liability for the year were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net OPEB Liability (Asset) (c) = (a) - (b)</i>
Balance at June 30, 2018	<u>\$ 18,971,850</u>	<u>\$ 13,714,823</u>	<u>\$ 5,257,027</u>
Changes during the year:			
Service cost:	991,161	-	991,161
Interest	1,432,518	-	1,432,518
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	841,942	-	841,942
Contributions - employer	-	1,900,160	(1,900,160)
Net investment income	-	1,088,901	(1,088,901)
Benefit payments	(571,142)	(571,142)	-
Administrative fee	-	(25,603)	25,603
Net changes	<u>2,694,479</u>	<u>2,392,316</u>	<u>302,163</u>
Balance at June 30, 2019	<u>\$ 21,666,329</u>	<u>\$ 16,107,139</u>	<u>\$ 5,559,190</u>

For additional information with respect to the Agency's post-employment benefits, see Note 8 of the Agency's Annual Financial Report attached to the Official Statement as Appendix B.

Litigation

Except as otherwise described in this Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Agency, threatened against the Agency affecting the existence of the Agency or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or issuance of the 2020 Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Agency or its authority with respect to the 2020 Bonds or any action of the Agency contemplated by any of said documents. As described below, there is a lawsuit against the Agency, as the successor to CLWA and NCWD, which is incidental to the ordinary course of operations of the Water System. There are also lawsuits that may impact the provision of State Water Project water to State Water Project contractors, which include the Agency.

Kessner vs. City of Santa Clara. On February 17, 2020, the plaintiffs, suing on their own behalf as customers, and on behalf of a class of all customers of the Agency, and on behalf of the general public, filed a lawsuit claiming that the Agency and other water providers are violating Article XIII D, Section 6 of the California Constitution (Proposition 218) by charging their customers for fire protection service. The plaintiffs are suing 82 named public water providers, and a class of defendants consisting of "all governmental entities that provide subsidized government water service without having obtained voter approval of their rates." The Agency, like most public water suppliers, includes charges for fire protection water service in their water rates. These charges consist of the cost of fire hydrants, the increased pipeline capacity that fire flow requires and the water supplied through the hydrants. The Agency has taken the position that these charges are property-related charges and are not for a "general governmental service," which would be prohibited by Proposition 218. The Agency is

actively defending the lawsuit. If the plaintiffs succeed, they would recover amounts they were charged for fire protection water service, which such amounts are currently unknown, and the Agency would be required to fund future fire protection water service from a source other than water rates, such as from contributions from the fire department or from property taxes.

Delta Litigation. Various legal actions have been filed, and are anticipated to be filed, involving the conveyance of water through the Delta by DWR via the State Water Project and by the United States Bureau of Reclamation ("Reclamation") via the Central Valley Project ("CVP"). The legal actions include, among others, the following: *Pacific Coast Federation of Fisherman's Association, et al. v. Ross* (U.S. Magistrate Judge Boone presiding, Case No. 1:20-CV-00431-DAD-SAB) ("*PCFFA v. Ross*"), and *California Natural Resources Agency, et al. v. Ross* (U.S. Magistrate Judge Oberto presiding, Case No. 1:20) ("*CNRA v. Ross*"). Both of these cases, described in more detail below, were transferred to the United States District Court for the Eastern District of California where they have not yet proceeded to the merits.

Both *PCFFA v. Ross* and *CNRA v. Ross* were brought against the United States Fish and Wildlife Service ("FWS"), the National Marine Fisheries Service ("NMFS") and Reclamation alleging violation under the Administrative Procedure Act ("APA"), the Endangered Species Act ("ESA") and the National Environmental Policy Act ("NEPA"). The actions arise from the Biological Opinions ("BO") and associated permits issued by the FWS and NMFS under the ESA for the long-term, coordinated operations of the CVP and the State Water Project, and Reclamation's reliance upon those opinions and permits. For the last decade, the State Water Project and CVP operations have been controlled by a pair of BOs issued in 2008 and 2009 by FWS and NMFS, respectively, and their reasonable and prudent alternatives ("RPAs"). In 2016, DWR and Reclamation reinitiated consultation with the FWS and NMFS based, in part, on new information related to multiple years of drought. DWR and Reclamation worked to refine operations of the State Water Project and CVP to reflect water quality regulations, existing ESA restrictions, updated hydrology, developing scientific data, and enhanced real-time monitoring capacity. In January of 2019, Reclamation issued a Biological Assessment that proposed a new long-term operating plan that would control through 2030. On July 1, 2019, NMFS released a draft BO that found the proposed plan would cause jeopardy and included a RPA. DWR and Reclamation continued to work with the FWS and NMFS to refine the proposed operations to prevent jeopardy, and, on October 21, 2019, both FWS and NMFS issued new BOs that concluded that the long-term operations plan would not cause jeopardy. On February 19, 2020, Reclamation completed its NEPA review of the long-term operating plan and issued a Record of Decision adopting the October 2019 BOs. *PCFFA v. Ross* and *CNRA v. Ross*, which are cases challenging these decisions, are described in more detail below.

DWR must also obtain permits for the State Water Project from the California Department of Fish and Wildlife ("CDFW") pursuant to the California Endangered Species Act ("CESA"). In 2009, CDFW issued consistency determinations concluding that the 2008 and 2009 BO protections for state-protected species also satisfied CESA requirements. In early 2019, while developing its new long-term operating plan, DWR announced its intent to apply to CDFW for a separate CESA incidental take permit, not a consistency determination. On March 27, 2020, DWR certified an environmental impact report describing its new long-term operation plan, and on March 31, 2020, CDFW issued an incidental take permit imposing additional restrictions on State Water Project operations.

PCFFA v. Ross. On December 2, 2019, a group of six environmental organizations filed an action on in the United States District Court for the Northern District of California. The environmental groups claim that NMFS and FWS violated the APA in reaching no jeopardy conclusions in the October 2019 BOs. The environmental groups also allege that Reclamation violated the ESA by relying on the BOs and that Reclamation failed to comply with NEPA in issuing its Record of Decision.

The State Water Contractors have intervened in the case as a defendant along with San Luis & Delta-Mendota Water Authority, Westlands Water District, Tehama-Colusa Canal Authority, and the Sacramento River Settlement Contractors.

On March 5, 2020, the environmental groups brought a motion for preliminary injunction seeking to prevent Reclamation from implementing the new long-term operations plan and asking to the court to require the federal defendants to abide by the 2008 and 2009 BOs pending a determination on the merit. The environmental groups bear the burden of demonstrating, among other things, that the new BOs will cause irreparable harm to the species and that they are likely to succeed on the underlying merits of their claims. The parties are currently in the process of briefing the preliminary injunction. On March 20, 2020, this case was transferred to the Eastern District.

CNRA. v. Ross. On February 20, 2020, the California Natural Resources Agency, the California Environmental Protection Agency and the California Attorney General filed suit against NMFS, FWS and Reclamation in the Northern District. The complaint alleges that FWS and NMFS's preparation and adoption of the October 2019 BOs violated the ESA and APA and that Reclamation failed to comply with NEPA and the APA before adopting its Record of Decision. The federal defendants have not yet appeared in this case.

San Luis & Delta-Mendota Water Authority, Westlands Water District, and State Water Contractors have moved to intervene and are awaiting a ruling from the court. The plaintiffs do not oppose their intervention. On March 20, 2020, this case was transferred along with *PCFFA v. Ross* to the Eastern District.

The Agency cannot predict the outcome of these Delta-related cases. However, the Agency believes that any new decision or order by a State or Federal court related to one or more of the above-described BOs and leading to adverse decisions reducing State Water Project supplies would not have a material impact on the Agency's ability to make the Series 2020 Installment Payments (and to pay debt service on other Contracts and Bonds).

DWR disclosure documents and annual reports filed by DWR pursuant to Rule 15c2-12 with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>, should be reviewed for information pertaining to the above described Delta-related cases. DWR has not entered into any contractual commitment with the Agency, the Trustee or the Owners of the 2020 Bonds to provide such information to the Agency or the Owners of the 2020 Bonds. None of the Agency, the Municipal Advisor or the Underwriter assumes any responsibility for the accuracy of such disclosures.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR
FISCAL YEAR ENDING JUNE 30, 2019**

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

[TO COME FROM BOND COUNSEL]

APPENDIX D

FORM OF LEGAL OPINION

Upon issuance of the 2020 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2020

Upper Santa Clara Valley Joint Powers Authority
27234 Bouquet Canyon Road
Santa Clarita, California 91350

Re: \$ _____ Upper Santa Clara Valley Joint Powers Authority
Revenue Bonds, Series 2020A and Taxable Series 2020B

Members of the Board of Directors:

We have acted as Bond Counsel to the Upper Santa Clara Valley Joint Powers Authority (the "Authority") in connection with the issuance of \$ _____ aggregate principal amount of Revenue Bonds, Series 2020A (the "2020A Bonds") and \$ _____ aggregate principal amount of Revenue Bonds, Taxable Series 2020B (the "2020B Bonds" and, together with the 2020A Bonds, the "2020 Bonds"). The 2020 Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of February 1, 2020 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The 2020 Bonds are limited obligations of the Authority payable solely from Revenues (as such term is defined in the Indenture), consisting of payments (the "Series 2020 Installment Payments") to be made by the Santa Clarita Valley Water Agency (the "Agency") to the Authority pursuant to an Installment Purchase Agreement, dated as of February 1, 2020, by and between the Agency and the Authority.

In connection with our representation we have examined a certified copy of the proceedings relating to the 2020 Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the 2020 Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2020 Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the 2020 Bonds from Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the 2020 Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity (to the extent that such issue price is lower than the stated redemption price at maturity) with respect to such 2020A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2020A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the 2020A Bond Owner will increase the 2020A Bond Owner's basis in the 2020A Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a 2020A Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a 2020A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2020A Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code") by 2020A Bond Owners. Such amortizable bond premium reduces the 2020A Bond Owner's basis in the applicable 2020A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2020A Bond premium may result in a 2020A Bond Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds are based upon certain representations of fact and certifications made by the Authority and others and are subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to issuance of the 2020A Bonds to assure that interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The Authority has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to the 2020A Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2020A Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2020 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds, the Indenture or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the Installment Purchase Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2020 Bonds or other offering material relating to the 2020 Bonds and expressly disclaim any duty to advise the owners of the 2020 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX E

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the Agency and the Underwriter believe to be reliable, but neither the Authority, the Agency nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2020 Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the 2020 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2020 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2020 Bonds. The Bonds will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be executed and delivered for each annual maturity of the 2020 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bond by causing the Direct Participant to transfer the Participant's interest in the 2020 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2020 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2020 Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Santa Clarita Valley Water Agency (the “Agency”) in connection with the issuance by the Upper Santa Clara Valley Joint Powers Authority (the “Authority”) of its \$_____ Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2020A and Taxable Series 2020B (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2020 (the “Indenture of Trust”), by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Authority. The Agency covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

Annual Report. The term “Annual Report” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “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 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.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Installment Purchase Agreement. “Installment Purchase Agreement” means that certain Installment Purchase Agreement executed and entered into as of February 1, 2020, by and between the Agency and the Authority.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated _____, 2020 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. **Provision of Annual Reports.**

(a) The Agency shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2020) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which 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 Certificate.

(b) If the Agency is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Agency shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. **Content of Annual Reports.** The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency 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 the Agency’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) Principal amount of the Bonds outstanding.

(c) An update, for the prior Fiscal Year only, of the information in the following tables or paragraphs under the caption entitled “WATER SUPPLY” in Appendix A of the Official Statement:

(1) “Table 2 – SANTA CLARITA VALLEY WATER AGENCY – Historic Water Production” on page A-19.

(d) An update, for the prior Fiscal Year only, of the information in the following tables or paragraphs under the caption entitled “WATER SYSTEM” in Appendix A of the Official Statement:

(1) “Table 4 – SANTA CLARITA VALLEY WATER AGENCY – Historic Retail Water Sales and Water Sales Revenues” on page A-23.

- (2) "Table 6 – SANTA CLARITA VALLEY WATER AGENCY – Largest Retail Customers by Annual Payments" on page A-24;
- (3) "Table 7 – SANTA CLARITA VALLEY WATER AGENCY – Historical Retail Service Connections" on page A-24;
- (4) "Table 9 – SANTA CLARITA VALLEY WATER AGENCY – Share of 1% Property Tax Levy" on page A-30; and
- (5) "Table 10 – SANTA CLARITA VALLEY WATER AGENCY – Facility Capacity Fee Income" on page A-31.

(e) An update, for the prior Fiscal Year only, of the information in the following tables or paragraphs under the caption entitled "WATER SYSTEM FINANCIAL INFORMATION" in Appendix A of the Official Statement:

- (1) "Table 12 – SANTA CLARITA VALLEY WATER AGENCY – Historic Operating Results and Debt Service Coverage" on page A-37.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the Agency shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency 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 or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;

9. bankruptcy, insolvency, receivership or similar proceedings; and

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.

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.

(b) Pursuant to the provisions of this Section 5, the Agency 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 material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material 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 the Agency or the sale of all or substantially all of the assets of the Agency, 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;

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

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, 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.

6. Termination of Obligation. The Agency's obligations under this Disclosure Certificate 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, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the Agency to file an annual report under Section 4 hereof or to file a report of significant event under Section 5 hereof, any Holders 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 the Agency to comply with its obligations under this Disclosure Certificate to make such filing. Notwithstanding the foregoing, no action may be undertaken by Holders or Beneficial Owners of the Bonds with respect to the adequacy of the information contained in any such filing or otherwise without the approval in writing of Holders or Beneficial Owners of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

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

10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2020

SANTA CLARITA VALLEY WATER AGENCY

By: _____
Its: **President of the Board of Directors**

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