

RESOLUTION NO. SCV-90

**RESOLUTION OF
THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY:**

- (1) REQUESTING THE ISSUANCE BY THE UPPER SANTA CLARA VALLEY
JOINT POWERS AUTHORITY OF REVENUE BONDS;
(2) AUTHORIZING THE INSTALLMENT PURCHASE AGREEMENT,
THE CONTINUING DISCLOSURE CERTIFICATE AND THE PURCHASE CONTRACT;
AND (3) AUTHORIZING CERTAIN OTHER ACTIONS**

WHEREAS, the Board of Directors (the "Board") of the Santa Clarita Valley Water Agency (the "Agency") has determined that it may be in the best interest of the Agency to authorize the acquisition of certain capital improvements of the wholesale water system and to authorize the payment of costs of issuance in connection therewith; and

WHEREAS, the Board has determined to request the Upper Santa Clara Valley Joint Powers Authority (the "Authority") to issue revenue bonds to effect such financing and to pay the costs of issuance in connection therewith;

NOW, THEREFORE, the Board of Directors of the Santa Clarita Valley Water Agency hereby finds, determines, declares and resolves as follows:

SECTION 1. The issuance by the Authority of one or more series of revenue bonds ("Bonds") in the principal amount not to exceed \$40,000,000 to finance such capital improvements and to pay costs of issuance in connection therewith is hereby requested.

SECTION 2. The Installment Purchase Agreement, 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 the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"). The President, Vice President, General Manager, Assistant General Manager and Secretary (the "Authorized Officers") are hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be approved by Bond Counsel, said Agency officers' execution being conclusive evidence of such approval.

SECTION 3. The Continuing Disclosure Certificate, 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 Bond Counsel. Each of the Authorized Officers, acting singly, is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by Bond Counsel, said Agency officers' execution being conclusive evidence of such approval.

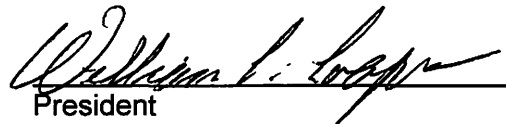
SECTION 4. The Purchase Contract with Citigroup Global Markets Inc. in substantially the form on file with the Secretary of the Board, is hereby approved. Each of the Authorized Officers, acting singly, or the designee thereof are hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be approved by the person executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the principal amount of the Bonds exceed \$40,000,000, nor shall the underwriter's discount exceed 0.25% of the principal amount of the Bonds, nor shall the true interest cost of the Bonds exceed 4.70%.

SECTION 5. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in paragraph 4 to the staff report and are available to the public at the meeting at which this resolution is approved.

SECTION 6. The Authorized Officers and such other officers of the Agency are authorized and directed to do any and all things and to execute and deliver any and all documents, including an insurance agreement with a municipal bond insurer, which they may deem necessary or advisable in order to consummate the sale and delivery of the Bonds, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed. Bond Counsel is hereby directed to revise the series designations and document dates with respect to the Installment Purchase Agreement, the Continuing Disclosure Certificate and the Purchase Contract based on when the Bonds are actually issued. Such revisions shall be deemed to be ministerial and shall not constitute an amendment to any of the documents so revised.

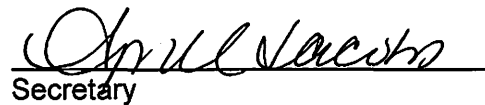
SECTION 7. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Installment Purchase Agreement unless the context otherwise clearly requires.

SECTION 8. This resolution shall take effect immediately.


President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on February 5, 2019, the foregoing Resolution No. SCV-90 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

Dated: February 5, 2019


Secretary



ATTACHMENT 2

*Stradling Yocca Carlson & Rauth
Draft of 1/23/19*

INSTALLMENT PURCHASE AGREEMENT

by and between

SANTA CLARITA VALLEY WATER AGENCY

and

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

Dated as of February 1, 2019

Relating to

\$ _____

**UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2019A**

INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into and dated as of February 1, 2019, by and between SANTA CLARITA VALLEY WATER AGENCY, an agency duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), and UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

WITNESSETH:

WHEREAS, the Agency proposes to undertake the acquisition of certain capital improvements to the Water System, as more particularly described in Exhibit A hereto (the "Project");

WHEREAS, the Agency is authorized under the Santa Clarita Valley Water Agency Act, Chapter 833 of Statutes of 2017, and all laws amendatory thereof or supplemental thereto, to acquire property for the Water System;

WHEREAS, the Authority has agreed to assist the Agency by financing the Project;

WHEREAS, the Authority is authorized under the Joint Exercise of Powers Act, as amended, constituting Chapter 5, Division 7, Title 1 of the Government Code of the State of California, to assist its members in the financing of the acquisition of capital improvements;

WHEREAS, the Agency and the Authority have duly authorized the execution of this Installment Purchase Agreement; and

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

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

ARTICLE I

DEFINITIONS

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

Acquisition Fund. The term “Acquisition Fund” means the Agency account designated by the Agency as account number _____, together with other accounts created in the future and designated by action of the Board of Directors of the Agency as a part of the Acquisition Fund created pursuant to Section 3.6 hereof.

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

Authority. The term “Authority” means Upper Santa Clara Valley Joint Powers Authority, a joint exercise of powers authority created pursuant to 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.

Bonds. The term “Bonds” means all revenue bonds or notes of the Agency authorized, executed, issued and delivered by the Agency, the payments of which are on a parity with the Series 2019A Installment Payments and which are secured by a pledge of and lien on the Revenues, and payable from Net Revenues, subordinate to the Senior Obligations, including but not limited to the 2014 Bonds.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, dated the date of issuance of the 2019A Bonds, of the Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Contracts. The term “Contracts” means this Installment Purchase Agreement and any amendments and supplements hereto, and all contracts of the Agency previously or hereafter authorized and executed by the Agency which are payable on a parity with the Series 2019A Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof, including but not limited to the 2008A Installment Purchase Agreement, the 2010A Installment Purchase Agreement, the 2015A Installment Purchase Agreement, the 2016A Installment Purchase Agreement, the 2018A Installment Purchase Agreement, the Credit Facility Agreement and any credit facility agreement that may be entered into by the Agency in connection with the issuance of tax revenue anticipation notes issued by the Agency outstanding from time to time, and which are payable from Net Revenues subordinate to the Senior Obligations.

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

Credit Facility Agreement. The term “Credit Facility Agreement” means the Reimbursement Agreement dated as of April 1, 2008, by and between the Agency and Wells Fargo Bank, National Association, as amended by the First Amendment to Reimbursement Agreement dated as of March 1, 2013, and by the Second Amendment to Reimbursement Agreement dated as of March 23, 2016, as such Credit Facility Agreement may be further amended or supplemented from time to time in accordance with its terms.

Debt Service. The term “Debt Service” means, for any Fiscal Year, the sum of:

(i) the interest payable during such Fiscal Year on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the Agency by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(ii) that portion of the principal amount of all outstanding serial Bonds maturing in such Fiscal Year;

(iii) that portion of the principal amounts of all outstanding term Bonds required to be prepaid or paid in such Fiscal Year;

(iv) that portion of the Installment Payments required to be made during such Fiscal Year (except to the extent that the interest portion of such Installment Payments is capitalized or is reasonably anticipated to be reimbursed to the Agency by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program); and

(v) so long as the Credit Facility Agreement is in effect, the principal amount of any Credit Facility Amounts (as such term is defined in the Credit Facility Agreement) owing thereunder, with interest thereon as provided in the Credit Facility Agreement;

provided that, as to any such Bonds or Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be assumed to bear interest at a fixed rate equivalent to the higher of: (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%; and (ii) the highest average variable rate borne over a 6 month period during the preceding 24 months by outstanding variable rate debt issued by the Agency or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation;

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted;

provided further that Debt Service shall be reduced by the amount of investment earnings credited to any debt service reserve fund created with respect to Contracts or Bonds; and

provided further that if the Bonds or Contracts constitute Paired Obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the Agency with respect to such Paired Obligations.

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

Fiscal Year. The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June of the succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the Agency.

Generally Accepted Accounting Principles. The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his successor for public agencies in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of February 1, 2019, by and between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

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

Independent Municipal Advisor. The term “Independent Municipal Advisor” means a financial consultant or firm of such consultants appointed by the Agency, and who, or each of whom: (1) is in fact independent and not under domination of the Agency; (2) does not have any substantial interest, direct or indirect, with the Agency; (3) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended; and (4) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

Initial Rating Requirement. The term “Initial Rating Requirement” means a long term debt rating of A3 or better by Moody’s and A- or better by S&P.

Installment Payment Date. The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the Agency under and pursuant to any Contract.

Installment Payments. The term “Installment Payments” means the installment payments of interest and principal scheduled to be paid by the Agency under and pursuant to the Contracts.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of February 1, 2019, by and between the Agency and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Law. The term “Law” means Santa Clarita Valley Water Agency Act, Chapter 833 of Statutes of 2017, and all laws amendatory thereof or supplemental thereto.

Manager. The term “Manager” means the General Manager of the Agency, or any other person designated by the General Manager to act on behalf of the General Manager.

Minimum Rating Requirement. The term “Minimum Rating Requirement” means a long term debt rating of Baa2 by Moody’s or BBB by S&P.

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

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year and Senior Debt Service for such Fiscal Year.

1999 Installment Purchase Agreement. The term “1999 Installment Purchase Agreement” means the Installment Purchase Agreement, by and between the Agency and the Corporation, dated as of June 1, 1999.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the Agency that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, consultants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2019A Bonds or of this Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, or payments, if any, required in connection with the Water Contract; and (ii) cost of purchased water; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and any amounts transferred to the Rate Stabilization Fund.

Paired Obligation Provider. The term “Paired Obligation Provider” means a party to a Paired Obligation other than the Agency.

Paired Obligations. The term “Paired Obligations” means any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are issued or executed and delivered: (i) the principal of which, at the time of adoption or execution of the resolution, indenture or other document authorizing the issuance or execution thereof, is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates with respect to which, taken together, are reasonably expected, at the time of adoption or execution of the resolution, indenture or other document authorizing the

issuance or execution thereof, to result in a fixed interest rate obligation of the Agency for the term of such Bond or Contract, as certified by an Independent Municipal Advisor in writing, and which comply with the provisions of Section 10.15 hereof.

Parity Project. The term “Parity Project” means any additions, betterments, extensions or improvements to the Water System designated by the Board of Directors of the Agency as a Parity Project, the acquisition and construction of which has been or will be paid for with the proceeds of any Contracts or Bonds.

Project. The term “Project” means the additions, betterments, extensions and improvements to the Water System described in Exhibit A hereto.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the Agency to the Authority under the terms hereof as provided in Section 4.1.

Rate Stabilization Fund. The term “Rate Stabilization Fund” means the fund by that name continued pursuant to Section 5.5 hereof.

Revenue Fund. The term “Revenue Fund” means the fund previously established by the Agency and continued by the terms of Section 5.2 hereof.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System on or after the date hereof, including, without limiting the generality of the foregoing:

(i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Agency from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System;

(ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including Agency reserves and the Rate Stabilization Fund;

(iii) the proceeds of any facility capacity fees or any other connection fees collected by the Agency in connection with the Water System;

(iv) all property taxes (not including any taxes or assessments, *ad valorem* or otherwise (including investment earnings thereof) restricted by law to be applied for the payment of the Water Contract) received by the Agency, and

(v) the proceeds of any stand-by or water availability charges collected by the Agency in connection with the Water System;

but excluding in all cases customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Agency and excluding any proceeds of taxes or assessments restricted by law to be used by the Agency to pay bonds hereafter issued.

“Revenues” shall also include all amounts transferred from the Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 5.5 hereof and shall not include

any amounts transferred from the Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with Section 5.2(e) hereof.

Senior Debt Service. The term “Senior Debt Service” means Debt Service as such term is defined in the 1999 Installment Purchase Agreement, which definition is incorporated herein by reference.

Senior Obligations. The term “Senior Obligations” means all contracts of the Agency (excluding contracts entered into for operation and maintenance of the Water System) which are secured by a pledge of and lien on the Revenues prior to the pledge of and lien on the Revenues described in Section 5.1 hereof, including but not limited to the 1999 Installment Purchase Agreement, which contracts are payable from Revenues prior to the Installment Payments, the Bonds and the Contracts.

Series 2019A Installment Payment Date. The term “Series 2019A Installment Payment Date” means the second Business Day preceding each Interest Payment Date pursuant to the Indenture.

Series 2019A Installment Payments. The term “Series 2019A Installment Payments” means the Installment Payments scheduled to be paid by the Agency under and pursuant hereto.

Subordinate Obligations. The term “Subordinate Obligations” means all revenue bonds or notes of the Agency and all contracts of the Agency payable from Revenues, which are secured by a pledge and lien on the Revenues subordinate to the pledge of and lien on the Revenues securing the Installment Payments described in Section 5.1 hereof and which are payable from Net Revenues subordinate to the Installment Payments.

Trustee. The term “Trustee” means U.S. Bank National Association, Los Angeles, California, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2008A Installment Purchase Agreement. The term “2008A Installment Purchase Agreement” means the Installment Purchase Agreement – Variable Rate, dated as of February 1, 2008, by and between the Agency and the Corporation.

2010A Installment Purchase Agreement. The term “2010A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of May 1, 2006, by and between the Agency and the Corporation.

2014 Bonds. The term “2014 Bonds” means the Castaic Lake Water Agency Refunding Revenue Bonds Series 2014A issued pursuant to the Indenture of Trust dated as of March 1, 2014 by and between the Agency and U.S. Bank National Association, as trustee thereunder.

2015A Installment Purchase Agreement. The term “2015A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of November 1, 2011, by and between the Agency and the Authority.

2016A Installment Purchase Agreement. The term “2016A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of January 1, 2016, by and between the Agency and the Authority.

2018A Installment Purchase Agreement. The term “2018A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of January 1, 2018, by and between the Agency and the Authority.

Water Contract. The term “Water Contract” means the Contract between the State of California Department of Water Resources and the Agency, as successor to the Castaic Lake Water Agency, dated April 30, 1963, and any renewal, amendment or supplement thereof from time to time.

Water Service. The term “Water Service” means the water distribution service made available or provided by the Water System.

Water System. The term “Water System” means the whole and each and every part of the water system of the Agency, including the portion thereof existing on the date hereof and all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed, but not including any retail water distribution facilities unless the Board of Directors of the Agency determines by resolution that such facilities shall be included in the Water System for purposes of this Installment Purchase Agreement, and complies with the Law.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by the Agency. The Agency makes the following representations:

(a) The Agency is an agency duly organized and existing under and pursuant to the laws of the State of California.

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

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

(d) The Agency will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of this Installment Purchase Agreement included in the gross income of the Authority or its assigns for purposes of federal or State of California personal income taxation.

(e) The Agency has determined that it is necessary and proper for Agency uses and purposes within the terms of the Law that the Agency finance the Project in the manner provided for in this Installment Purchase Agreement.

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

(a) The Authority is a joint exercise of powers authority duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to

enter into this Installment Purchase Agreement and to carry out and consummate all transactions contemplated by this Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Agreement.

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

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the Project under the terms of this Installment Purchase Agreement being included in the gross income of the Authority for purposes of federal or State of California personal income taxation.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1. Sale and Purchase of Project. In consideration for the Authority's assistance in financing the Project, the Agency agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase and hereby purchases, from the Agency, the Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.2. Purchase and Sale of Project. In consideration for the Series 2019A Installment Payments as set forth in Section 4.2, the Authority agrees to sell, and hereby sells, to the Agency, and the Agency agrees to purchase, and hereby purchases, from the Authority, the Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.3. Title. All right, title and interest in each component of the Project shall vest in the Agency immediately upon execution and delivery of this Installment Purchase Agreement. Such vesting shall occur without further action by the Authority or the Agency and the Authority shall, if requested by the Agency or, if necessary to assure such automatic vesting, deliver any and all documents required to assume such vesting.

Section 3.4. Acquisition and Construction of the Project. The Authority hereby agrees to cause the Project, and any additions or modifications thereto to be constructed, acquired or installed by the Agency as its agent, and the Agency shall enter into contracts and provide for, as agent of the Authority, the complete construction, acquisition and installation of the Project. The Agency hereby agrees that the Agency will cause the construction, acquisition and installation of the Project to be diligently performed after the deposit of funds with the Trustee pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the Agency, unforeseeable delays beyond the reasonable control of the Agency only excepted. It is hereby expressly understood

and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by the Agency, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.5. Changes to the Project. The Agency may substitute other improvements for those listed as components of the Project in Exhibit A hereto, but only if the Agency first files with the Authority and the Trustee a statement of the Agency: (a) identifying the improvements to be deleted from such Exhibit and the improvements to replace such deleted improvements; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned to be paid from the proceeds of the 2019A Bonds.

Section 3.6. Acquisition Fund. There is hereby created with the Agency a fund to be known as the "Acquisition Fund," which the Agency shall maintain and hold in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the Manager shall cause to be filed with the Chief Financial and Administrative Officer of the Agency a Written Requisition in the form set forth in Exhibit C hereto. Upon receipt of such Written Requisition, the Chief Financial and Administrative Officer of the Agency will pay the amount set forth therein. The Chief Financial and Administrative Officer of the Agency need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys so to be paid, which has not been released and will not be released simultaneously with such payment.

When the Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the Agency stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Chief Financial and Administrative Officer of the Agency and the Trustee by the Manager. Upon the receipt of such statement, the Chief Financial and Administrative Officer of the Agency shall transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which shall be certified to the Chief Financial and Administrative Officer of the Agency by the Manager) to the Revenue Fund.

ARTICLE IV

SERIES 2019A INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

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

(b) The principal amount of the payments to be made by the Agency hereunder is set forth in a certificate of the Manager to be attached hereto as Exhibit B.

(c) The interest to accrue on the unpaid balance of such principal amount to be made by the Agency hereunder is set forth in a certificate of the Manager to be attached hereto as Exhibit B, and shall be paid by the Agency as and constitute interest paid on the principal amount of the Agency's obligations hereunder.

Section 4.2. Series 2019A Installment Payments. The Agency shall, subject to its rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2019A Installment Payment Dates as set forth in a certificate of the Manager, a copy of which shall be delivered to the Trustee by the Agency and is attached hereto as Exhibit B.

Each Series 2019A Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event that the Agency fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the Agency until such amount shall have been fully paid and the Agency agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2019A Installment Payments if paid in accordance with their terms.

The obligation of the Agency to make the Series 2019A Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the Agency will not discontinue or suspend any Series 2019A Installment Payments required to be made by it under this section 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 shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.1. Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund and the Rate Stabilization Fund are hereby irrevocably pledged to the payment of the Series 2019A Installment Payments as provided herein, subject however to the pledge thereon securing Senior Obligations now in existence, and the Revenues shall not be used for any other purpose while any of the Series 2019A Installment Payments remain unpaid; provided that out of the 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 herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a second lien on Revenues, the Revenue Fund and the Rate Stabilization Fund and all amounts on deposit therein as permitted herein subordinate to the pledge securing Senior Obligations and, subject to the application of Revenues, in accordance with the terms hereof.

Section 5.2. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Agency agrees and covenants that all Revenues shall be received by the Agency in trust hereunder and shall be deposited when and as received in a special fund designated

as the "Revenue Fund," which fund was previously established by the Agency and is hereby continued by the terms of this Section 5.2, and which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the Agency as provided in this Installment Purchase Agreement.

The Agency shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Revenue Fund shall be used to make payments with respect to Senior Debt Service on Senior Obligations and thereafter shall be set aside by the Agency at the following times in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section:

(a) Bond Payment Fund. On or before each Series 2019A Installment Payment Date, the Agency shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Bond Payment Fund a sum equal to the Series 2019A Installment Payment coming due on such Series 2019A Installment Payment Date. The Agency shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, resolution or indenture relating thereto.

No deposit need be made in the Bond Payment Fund as Series 2019A Installment Payments if the amount in the Bond Payment Fund is at least equal to the amount of the Series 2019A Installment Payment due and payable on the next succeeding Series 2019A Installment Payment Date. All money in the Bond Payment Fund shall be used and withdrawn by the Trustee in accordance with the Indenture.

(b) Reserve Fund. On or before each Series 2019A Installment Payment Date, the Agency shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority, transfer to the applicable trustee for reserve funds and/or accounts, if any, as may have been established in connection with Senior Obligations, Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto.

(c) Subordinate Obligations. On or before any date that the payment of principal and interest is due with respect to any Subordinate Obligations, the Agency shall, from moneys in the Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without discrimination or preference, payment on such Subordinate Obligations in accordance with the provisions of such Subordinate Obligation.

(d) Surplus. Moneys on deposit in the Revenue Fund on any date when the Agency reasonably expects such moneys will not be needed for the payment of Operation and Maintenance Costs or for any of the purposes described in clauses (a) through (c) above may be expended by the Agency at any time for any purpose permitted by law, including but not limited to payment of any amounts due and payable under the Water Contract or to deposit amounts in the Rate Stabilization Fund in accordance with Section 5.5 hereof.

Section 5.3. Additional Contracts and Bonds. The Agency may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues (not including amounts transferred from the Rate Stabilization Fund pursuant to Section 5.5 to the Revenue Fund in excess of twenty percent (20%) of Debt Service for such Fiscal Year) 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

(b) The Net Revenues (not including amounts transferred from the Rate Stabilization Fund pursuant to Section 5.5 in excess of twenty percent (20%) of Debt Service for such Fiscal Year) 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

(c) The estimated Net Revenues (not including amounts transferred from the Rate Stabilization Fund pursuant to Section 5.5 in excess of twenty percent (20%) of Debt Service for such Fiscal Year) 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 (not including amounts transferred from the Rate Stabilization Fund pursuant to Section 5.5 in excess of twenty percent (20%) of Debt Service for such Fiscal Year) 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 Debt Service would have been 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 total Debt Service and Senior Debt Service would have been in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

Notwithstanding satisfaction of the other conditions to the execution of any Contract or the issuance of Bonds set forth in this Section 5.3, no such execution or issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such Event of Default shall be cured upon such execution or issuance.

Section 5.4. Investments. All moneys held by the Agency in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein. All moneys held by the Agency in the Rate Stabilization Fund shall be invested in Permitted Investments and the investment earnings thereon shall be transferred to the Revenue Fund upon receipt thereof.

Section 5.5. Rate Stabilization Fund. There is hereby continued a special fund designated as the "Rate Stabilization Fund" to be held by the Agency in trust hereunder, which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Money transferred by the Agency from the Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.2(d) shall be held in the Rate Stabilization Fund and applied in accordance with this 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 Section 5.2 hereof or, in the event that all or a portion of the Series 2019A Installment Payments are discharged in accordance with Section 9.1(b) or (c) hereof, transfer all or any portion of such amounts for application in accordance with said section.

ARTICLE VI

COVENANTS OF THE AGENCY

Section 6.1. Compliance with Installment Purchase Agreement and Ancillary Agreements. The Agency will punctually pay the Series 2019A Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or

bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Agency will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Installment Purchase Agreement and the Indenture that, subject to Section 10.6 hereunder, each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the purchase of and payment for the Project by the Agency pursuant to, and in accordance with, and as authorized under the Law.

The Agency will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.2. Against Encumbrances. The Agency will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund or the Rate Stabilization Fund except as provided herein. The Agency may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein or the Rate Stabilization Fund, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.3. Against Sale or Other Disposition of Property. The Agency will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Revenues for the payment of the Series 2019A Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the Agency to pay the Series 2019A Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the Agency to sell any portion of the Water System if such portion is immediately repurchased by the Agency and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the Agency of or otherwise interfere with its right to own and operate such portion of the Water System.

Section 6.4. Against Competitive System. The Agency and the Authority hereby acknowledge that certain public and private agencies, corporations, districts or other political subdivisions currently operate retail water supply and distribution systems within the boundaries of the Agency and that nothing contained in this Installment Purchase Agreement is intended to alter or affect such activities. The Agency will not, to the extent permitted by law: (a) acquire, construct, maintain or operate; or (b) within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the Agency any water importation and treatment facilities competitive with the Water System.

Section 6.5. Tax Covenants. Notwithstanding any other provision of this Installment Purchase Agreement, absent a Favorable Opinion of Special Counsel that the exclusion from gross income of interest on the 2019A Bonds will not be adversely affected for federal income tax purposes, the Agency and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Agency and the Authority will not take or omit to take any action or make any use of the proceeds of the 2019A Bonds or of any other moneys or property which would cause the 2019A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The Agency and the Authority will make no use of the proceeds of the 2019A Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2019A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The Agency and the Authority will make no use of the proceeds of the 2019A Bonds or take or omit to take any action that would cause the 2019A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Agency and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Hedge Bonds. The Agency and the Authority will make no use of the proceeds of the 2019A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2019A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Agency and the Authority take all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2019A Bonds for federal income tax purposes.

(f) Miscellaneous. The Agency and the Authority will take no action, or omit to take any action, inconsistent with the expectations stated in any Tax Certificate executed with respect to the 2019A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(g) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this Section 6.5, the Agency covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the 2019A Bonds.

This section shall not be applicable to, and nothing contained herein shall be deemed to prevent the Agency and the Authority from issuing bonds, the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

Section 6.6. Maintenance and Operation of the Water System. The Agency will maintain and preserve the Water System in good repair and working order at all times and will operate the

Water System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

Section 6.7. Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the Agency pledged to pay the Series 2019A Installment Payments or to the Owners prior or superior to the lien of the Series 2019A Installment Payments or which might impair the security of the Series 2019A Installment Payments.

Section 6.8. Compliance with Contracts. The Agency will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in the Water Contract and all contracts for the use of the Water System and all other contracts affecting or involving the Water System, to the extent that the Agency is a party thereto.

Section 6.9. Insurance.

(a) The Agency will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with facilities similar to the Water System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The Agency shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2019A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2019A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the Agency to retire the entire obligation evidenced hereby prior to the final due date of the Series 2019A Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the Agency may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2019A Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The Agency will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Authority, which

insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal water systems similar to the Water System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the Agency determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems similar to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

Section 6.10. Accounting Records; Financial Statements and Other Reports. The Agency will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions. The Trustee shall have no duties to inspect such records.

Section 6.11. Protection of Security and Rights of the Authority. The Agency will preserve and protect the security hereof and the rights of the Authority to the Series 2019A Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12. Payment of Taxes and Compliance with Governmental Regulations. The Agency will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System, or any part thereof or upon the Revenues when the same shall become due. The Agency will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the Agency shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13. Amount of Rates and Charges.

(a) 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 shall fix and prescribe rates and charges for Water Service which are reasonably expected to be sufficient to yield during such Fiscal Year Net Revenues (not including amounts transferred from the Rate Stabilization Fund pursuant to Section 5.5 in excess of twenty percent (20%) of Debt Service for such Fiscal Year) which will equal one hundred twenty percent (120%) of the Debt Service for such Fiscal Year.

(b) 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 Debt Service payable in such Fiscal Year, the Agency shall fix and prescribe Revenues, other than described in clause (iii) of the definition thereof, that are reasonably expected to be sufficient to yield during such Fiscal Year such Revenues (not including amounts transferred from the Rate Stabilization Fund pursuant to Section 5.5) equal to one hundred twenty percent (120%) of Operation and Maintenance Costs during such Fiscal Year.

(c) 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 shall not reduce the

rates and charges then in effect unless the Net Revenues or Revenues, as the case may be, from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

(d) So long as the Agency has complied with its obligations set forth in clause (a) and (b) above, the failure of Net Revenues to equal one hundred twenty percent (120%) of Debt Service at the end of a Fiscal Year shall not constitute a default or an Event of Default hereunder.

Section 6.14. Collection of Rates and Charges. The Agency will have in effect at all times by-laws, rules and regulations requiring each customer who purchases water from the Agency to pay the rates and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Agency may disconnect such purchaser from the Water System, and such purchaser shall not thereafter be reconnected to the Water System except in accordance with Agency by-laws or rules and regulations governing such situations of delinquency.

Section 6.15. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (i) the Agency files with the Authority and the Trustee a certificate showing: (1) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the Agency by reason of such eminent domain proceedings; (2) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the Agency from such Net Proceeds; and (3) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements; and (ii) the Agency, on the basis of such certificate filed with the Authority and the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the Agency to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the Agency shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the Agency for such purpose shall be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2019A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2019A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.16. Further Assurances. The Agency will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and to better assure and confirm unto the Authority the rights and benefits provided to it herein.

Section 6.17. Enforcement of Contracts. So long as any of the 2019A Bonds are outstanding, the Agency will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with the Water

Contract or any other contracts previously or hereafter entered into which contracts provide for water to be supplied to the Agency which will reduce the supply of water thereunder (except as provided therein) if such rescission or amendment would in any manner impair or adversely affect the rights of the owners from time to time of the 2019A Bonds.

Section 6.18. Compliance with Water Contract. To the fullest extent permitted by law, the Agency will comply with Section 34(a) of the Water Contract.

Section 6.19. Continuing Disclosure. The Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Installment Purchase Agreement, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owners of 2019A Bonds or Beneficial Owners of at least 50% aggregate principal amount of the 2019A 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 section. For purposes of this section, "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019A Bonds (including persons holding 2019A Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any 2019A Bonds for federal income tax purposes.

Section 6.20. No Additional Senior Obligations. The Agency hereby covenants to not issue or enter into any additional Senior Obligations.

ARTICLE VII

PREPAYMENT OF SERIES 2019A INSTALLMENT PAYMENTS

Section 7.1. Prepayment.

(a) The Agency may or shall, as the case may be, prepay from the Net Proceeds as provided herein the Series 2019A Installment Payments in whole or in part in the order of payment date as directed by the Agency, at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The Agency may prepay the Series 2019A Installment Payments, as a whole or in part, in the order of payment date as directed by the Agency, on the date and at the prepayment price (expressed as a percentage of the principal amount of the 2019A Bonds to be prepaid) plus accrued interest thereon to the date of prepayment, as set forth in Section 4.01 of the Indenture.

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

Section 7.2. Method of Prepayment. Before making any prepayment pursuant to Section 7.1, the Agency shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which

date shall be not less than sixty (60) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.1. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) if default shall be made by the Agency in the due and punctual payment of any Series 2019A Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the Agency in the performance of any of the agreements or covenants required herein or in connection with any Contract or Bond to be performed by it, and such default shall have continued for a period of thirty (30) days after the Agency shall have been given notice in writing of such default by the Authority or, if such default is not reasonably susceptible to cure within thirty (30) days after notice thereof, such default shall have continued for a period of sixty (60) days;

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

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then and in each and every such case during the continuance of such Event of Default specified in clause (c) and (d) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the Agency, declare the entire principal amount of the unpaid Series 2019A Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2019A Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the Agency shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Series 2019A Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2019A Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2019A

Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the Agency, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received by the Agency and all amounts on deposit in the Rate Stabilization Fund shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency ratably without any discrimination or preference, of the fees, costs and expenses, if any of the Authority and the Trustee in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs;

Third, to the payment of Senior Obligations in accordance with the terms thereof;

Fourth, to the payment of the entire principal amount of the unpaid Series 2019A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2019A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms; and

Fifth, to the payment of Subordinate Obligations in accordance with the terms thereof.

Section 8.3. Other Remedies of the Authority. The Authority shall have the right:

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

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

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

Notwithstanding anything contained herein, Authority shall have no security interest in or mortgage on the Project, the Water System or other assets of the Agency and no default hereunder shall result in the loss of the Project, the Water System, or other assets of the Agency.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the Series 2019A Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall

affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

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

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations. When:

(a) all or any portion of the Series 2019A Installment Payments shall have become due and payable in accordance herewith or a written notice of the Agency to prepay all or any portion of the Series 2019A Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2019A Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2019A Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clauses (a) or (b) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2019A Installment Payments to their respective Series 2019A Installment Payment Dates or prepayment date or dates as the case may be; and

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

then and in that event, the right, title and interest of the Authority herein and the obligations of the Agency hereunder shall, with respect to all or such portion of the Series 2019A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the Agency to have such

moneys and such Permitted Investments applied to the payment of such Series 2019A Installment Payments).

In such event, upon request of the Agency, the Trustee shall cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Agency and shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the Agency, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2019A Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the Series 2019A Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2019A Installment Payments and shall be applied by the Trustee to the payment of the Series 2019A Installment Payments of the Agency.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of Agency Limited. Notwithstanding anything contained herein, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided herein and in the Indenture for the payment of the Series 2019A Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The Agency may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Agency for such purpose.

The obligation of the Agency to make the Series 2019A Installment Payments is a special obligation of the Agency payable solely from such Net Revenues and other funds described herein, and 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.

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

Section 10.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the Agency or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Agency or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the Agency or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.4. Waiver of Personal Liability. No director, officer or employee of the Agency shall be individually or personally liable for the payment of the Series 2019A Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the Agency from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.5. Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Agency and the Authority hereby declare that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.7. Assignment. The Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the Agency.

Section 10.8. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the Agency shall pay absolutely net during the term hereof the Series 2019A Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.9. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Agency: Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Attention: General Manager

If to the Authority: Upper Santa Clara Valley Joint Powers Authority
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Attention: Executive Director

If to the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust
Reference: Santa Clarita Valley Water Agency, Series
2019A

Section 10.11. Effective Date. The Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority and the Trustee).

Section 10.12. Execution in Counterparts. The Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of Authority. The Agency hereby agrees to indemnify and hold harmless the Authority and its directors, offices and employees if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Authority, the Agency, the 2019A Bond Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2019A Bonds then Outstanding, exclusive of 2019A Bonds disqualified as provided in Section 9.02 of the Indenture, are filed with the Trustee. No such amendment or supplement shall: (i) reduce the rate of interest on any 2019A Bond or extend the time of payment thereof or reduce the amount of principal or redemption premium, if any, of any 2019A Bond or extend the maturity thereof or otherwise alter or impair the obligation of the Authority to pay the interest and principal and redemption premium, if any, thereon at the time and place and at the rate and in the currency and from the funds provided therein without the prior written consent of the Owner of the 2019A Bond so affected; or (ii) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

(b) This Installment Purchase Agreement and the rights and obligations of the Authority, the Agency, the 2019A Bond Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law:

(1) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority or the Agency other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the Agency, or to surrender any right reserved herein to or conferred herein on the Authority or the Agency, and which in either case shall not adversely affect the interests of the Owners;

(2) to modify, amend or supplement this Installment Purchase Agreement in such a manner as to preserve the exemption of the 2019A Bonds from the registration requirements of the Securities Act of 1933 or any similar federal statute hereafter in effect or to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereinafter in effect;

(3) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Agency may deem desirable or necessary, and which shall not adversely affect the interests of the Owners;

(4) to the extent required to conform the procedures under this Installment Purchase Agreement to the procedures of the Depository, as such procedures may be in effect from time to time; and

(5) to make any modifications or changes necessary or appropriate in the opinion of Special Counsel to preserve or protect the exclusion from gross income for federal income tax purposes of interest on the 2019A Bonds.

The Agency shall give written notice of any amendment to the Installment Purchase Agreement and the rights and obligations of the Authority and the Agency and the Owners and the Trustee hereunder to Moody's, S&P and Fitch not less than fifteen (15) days prior to the execution thereof.

Section 10.15. Paired Obligation Provider Guidelines. For purposes of Section 5.3 and Section 6.13, Paired Obligations shall comply with the following conditions:

(a) A Paired Obligation Provider shall initially have a long-term rating equal to or better than the Initial Rating Requirement.

(b) So long as the long-term rating of the Paired Obligation Provider is not reduced below the Minimum Rating Requirement, the interest rate evidenced by such Paired Obligation shall be deemed to be equal to the irrevocable fixed interest rate attributable thereto for purposes of Section 5.3 and Section 6.13.

(c) In the event that a Paired Obligation Provider does not maintain the Minimum Rating Requirement and the Agency does not replace such Paired Obligation Provider with another Paired Obligation Provider which maintains the Initial Rating Requirement within ten (10) Business Days of notice that the Paired Obligation Provider has not maintained the Minimum Rating Requirement, interest with respect to such Paired Obligations shall be computed for purposes of Section 5.3 and Section 6.13 without regard to payments to be received from the Paired Obligation Provider.

Section 10.16. Retail Water Distribution Facilities. Notwithstanding anything contained herein or in the Indenture to the contrary, no provision of this Installment Purchase Agreement or of the Indenture shall prohibit, restrict or otherwise affect the ability of the Agency to finance and acquire retail water distribution facilities, apply the revenues thereof in accordance with the terms of such financing and acquisition or otherwise affect the Agency's operation of such facilities, unless

the Board of Directors of the Agency makes the determinations described in the definition of “Water System” in Article I hereof.

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

SANTA CLARITA VALLEY WATER AGENCY

By: _____
President of the Board of Directors

(SEAL)

Attest:

Secretary of the Board of Directors

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

By: _____
President

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project comprises the following described components:

**Castaic Conduit
Distribution System - RV-2 Modifications
ESFP Clearwell/CT Improvements
ESFP Sludge Collection System
ESIPS Pipeline Improvements
Foothill Feeder Connection
Honby Parallel
Magic Mountain Pipeline No. 4
Magic Mountain Pipeline No. 5
Magic Mountain Pipeline No. 6
Magic Mountain Reservoir
Recycled Water Program Phase II, 2A - Central Park
Recycled Water Program Phase II, 2B - Vista Canyon
Recycled Water Program Phase II, 2C - South End
Recycled Water Program Phase II, 2D - West Ranch
Rosedale Rio Bravo Extraction**

EXHIBIT B

CERTIFICATE OF GENERAL MANAGER

I, Matthew Stone, am the duly authorized General Manager of the Santa Clarita Valley Water Agency (the "Agency") and, pursuant to Sections 4.1(b) and (c) and 4.2 of the Installment Purchase Agreement, dated as of February 1, 2019 (the "Agreement"), by and between the Agency and the Upper Santa Clara Valley Joint Powers Authority, set forth the following:

1. The principal amount of payments to be made by the Agency under the Agreement is \$_____.

2. The installment payments are payable in the amounts and on the Series 2019A Installment Payment Dates with respect to the 2019A Bonds as follows:

<i>Series 2019A Installment Payment Date (Second Business Day Prior To)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
	\$	\$	\$

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

Dated: _____, 2019

SANTA CLARITA VALLEY WATER
AGENCY

By: _____
Matthew Stone
General Manager

EXHIBIT C

FORM OF REQUISITION NO. _____ FOR
DISBURSEMENT FROM ACQUISITION FUND

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
\$ _____
REVENUE BONDS, SERIES 2019A

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the Santa Clarita Valley Water Agency, an agency duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.6 of that certain Installment Purchase Agreement, dated as of February 1, 2019 (the "Installment Purchase Agreement"), by and between the Agency and the Upper Santa Clara Valley Joint Powers Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California, the undersigned hereby requests the Chief Financial and Administrative Officer of the Agency to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit 1;

(iii) that each obligation mentioned herein has been incurred by the Agency and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit 1 has been received and is final;

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

SANTA CLARITA VALLEY WATER AGENCY

General Manager

EXHIBIT 1

ACQUISITION FUND DISBURSEMENTS

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

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ATTACHMENT 3

*Stradling Yocca Carlson & Rauth
Draft of 1/23/19*

CONTINUING DISCLOSURE CERTIFICATE

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 2019A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2019 (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, 2019, 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 _____, 2019 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 2019) 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 __ - SANTA CLARITA VALLEY WATER AGENCY – Historic Water Production” on page A-__;

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

1. “Table __ - SANTA CLARITA VALLEY WATER AGENCY - Historic Water Sales By Agency and Historic Wholesale Water Sales Revenues” on page A-__;

2. “Table __ - SANTA CLARITA VALLEY WATER AGENCY - Agency Share of 1% Property Tax Levy” on page A-__;

3. "Table __ - SANTA CLARITA VALLEY WATER AGENCY - Total Facility Capacity Fee Income" on page A-__;

(e) An update, for the prior Fiscal Year only, of the information in the following tables or paragraphs under the caption entitled "WHOLESALE WATER SYSTEM FINANCIAL INFORMATION" in the Official Statement; provided however if such information can be derived from the audited financial statements required to be filed in 4(a) above, failure to file a separate table under this section 4(f) shall not constitute a default hereunder:

1. "Table __ - SANTA CLARITA VALLEY WATER AGENCY - Historic Operating Results and Debt Service Coverage" on page A-__; and

(f) A description of additional Contracts or Bonds (as defined in Section 5.3 of the Installment Purchase Agreement) executed or issued by the Agency during the most recently completed Fiscal Year.

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. Customarily Prepared and Public Information. Upon request, the Agency shall provide to any person financial information and operating data regarding the Agency which is customarily prepared by the Agency and is publicly available.

7. 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).

8. 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.

9. 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.

10. 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.

11. 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: _____, 2019

SANTA CLARITA VALLEY WATER AGENCY

By: _____
Its: President of the Board of Directors

ATTACHMENT 4

Gilmore & Bell
DRAFT 01/23/2019

PURCHASE CONTRACT

\$ _____
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REVENUE BONDS,
SERIES 2019A

_____, 2019

Upper Santa Clara Valley Joint Powers Authority
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173

Santa Clarita Water Agency
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173104

Ladies and Gentlemen:

Citigroup Global Markets Inc., acting on behalf of itself and not as an agent or representative of you (the "Underwriter"), offers to enter into this purchase contract (the "Purchase Contract") with the Santa Clarita Valley Water Agency (the "Agency"), and the Upper Santa Clara Valley Joint Powers Authority (the "Authority"), which will be binding upon the Agency, the Authority and the Underwriter upon the acceptance hereof by the Agency and the Authority. This offer is made subject to its acceptance by the Agency and the Authority by execution of this Purchase Contract and its delivery to the Underwriter, on or before 8:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Official Statement (as hereafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase, and the Authority hereby agrees to cause to be delivered to the Underwriter, all (but not less than all) of \$ _____ aggregate principal amount of the Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2019A (the "Series 2019A Bonds"). The Series 2019A Bonds will mature in the amounts and on the dates and bear interest at the rates set forth on Appendix A hereto. The Underwriter will purchase the Series 2019A Bonds for the aggregate purchase price of \$ _____ (representing the aggregate principal amount of the Series 2019A Bonds [less/plus] a [net] reoffering [discount/premium] of \$ _____ and less an underwriting discount of \$ _____).

2. Description and Purpose of the Series 2019A Bonds. The Series 2019A Bonds shall be executed and delivered pursuant to an Indenture of Trust dated as of February 1, 2019 (the "Indenture") by and between the Authority and U.S. Bank National Association, as trustee ("U.S. Bank"). The Series 2019A Bonds are special limited obligations of the Authority and are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the

Indenture. Revenues will consist primarily of amounts received by the Authority (the “Series 2019A Installment Payments”) pursuant to the Installment Purchase Agreement dated as of February 1, 2019 (the “Installment Purchase Agreement”), between the Authority and the Agency and all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture. The obligation of the Agency to make the Series 2019A Installment Payments is a special obligation of the Agency payable solely from the Net Revenues of the Wholesale Water System (as such terms are defined in the Installment Purchase Agreement) of the Agency. The Series 2019A Bonds shall be as described in the Indenture and the Official Statement dated _____, 2019, relating to the Series 2019A Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “Official Statement”).

The Series 2019A Bonds are being issued to (i) finance the acquisition of certain capital improvements to the Agency’s Wholesale Water System and (ii) pay the costs of issuing the Series 2019A Bonds.

3. Public Offering. The Underwriter agrees to make an initial bona fide public offering of all the Series 2019A Bonds at the public offering prices set forth on the inside cover page of the Official Statement. Subsequent to the initial public offering, the Underwriter reserves the right to change the initial public offering prices as the Underwriter shall deem necessary in connection with the marketing of the Series 2019A Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A hereto. The Underwriter may offer and sell the Series 2019A Bonds to certain dealers (including dealers depositing the Series 2019A Bonds into investment trusts) and others at prices lower than initial public offering prices. The Underwriter also reserves the right (i) to engage in transactions that stabilize, maintain or otherwise affect the market price of the Series 2019A Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such transactions, if commenced, at any time.

4. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Authority in establishing the issue price of the Series 2019A Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2019A Bonds.

(b) [Except as otherwise set forth in Schedule A attached hereto,] the Authority will treat the first price at which 10% of each maturity of the Series 2019A Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2019A Bonds.

[Subsection (c) shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.]

[(c) The Underwriter confirms that it has offered the Series 2019A Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A attached hereto, except as otherwise set forth therein. Schedule A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2019A Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2019A Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2019A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2019A Bonds to the public at a price that is no higher than the initial offering price to the public.]

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2019A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2019A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2019A Bonds to the public (each such term being used as defined below), and

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

(ii) any selling group agreement relating to the initial sale of the Series 2019A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2019A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2019A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2019A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2019A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2019A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2019A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2019A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2019A Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019A Bonds to the public and (B) any person

that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019A Bonds to the public),

(iii) a purchaser of any of the Series 2019A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

5. **Delivery of Official Statement.** Pursuant to the authorization of the Authority and the Agency, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2019, relating to the Series 2019A Bonds, which, together with the cover page and appendices thereto, is herein called the “Preliminary Official Statement.” By their execution of this Purchase Contract, the Authority hereby approves and ratifies the distribution and use by the Underwriter of the Preliminary Official Statement (other than Appendices [A, B, C, and D] to the Preliminary Official Statement) and the Agency hereby approves and ratifies the distribution and use by the Underwriter of Appendices [A, B, C, and D] to the Preliminary Official Statement (the “Agency Portion”). The Authority agrees to execute and deliver a final Official Statement in substantially the same form as the Preliminary Official Statement with such changes as may be made thereto with the consent of the Authority and/or the Agency and the Underwriter, as appropriate, and to provide copies thereof to the Underwriter as set forth in Paragraph 7(a)(xiv) hereof. The Agency and the Authority hereby authorize the Underwriter to use and distribute, in connection with the offer and sale of the Series 2019A Bonds: the Preliminary Official Statement, the Official Statement, the Indenture, the Installment Purchase Agreement, the Continuing Disclosure Certificate (as hereinafter defined), and other documents or contracts to which the Agency or the Authority is a party in connection with the transactions contemplated by this Purchase Contract, including this Purchase Contract and all information contained herein, and all other documents, certificates and statements furnished by the Agency or the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

6. **The Closing.** At 8:00 a.m., California time, on _____, 2019, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency, the Authority and the Underwriter, the Agency and the Authority will cause to be executed and delivered (i) the Series 2019A Bonds in book-entry form through the facilities of The Depository Trust Company, or its agent, on behalf of the Underwriter, and (ii) the closing documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”) in Newport Beach, California or another place to be

mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery of the Series 2019A Bonds and pay the purchase price of such Series 2019A Bonds as set forth in Section 1 hereof in immediately available funds to the order of the Agency. This payment for and delivery of the Series 2019A Bonds, together with the execution and delivery of the aforementioned documents, is herein called the “Closing.”

7. (a) Agency Representations, Warranties and Covenants. The Agency represents, warrants and covenants to the Underwriter that:

(i) Due Organization, Existence and Authority. The Agency is an agency duly organized and existing under the Constitution and laws of the State of California (the “State”), with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract, the Installment Purchase Agreement, and the hereinafter defined Continuing Disclosure Certificate (collectively, the “Agency Documents”) and to carry out and consummate the transactions contemplated by the Agency Documents and the Agency Portion of the Official Statement.

(ii) Due Authorization and Approval. By all necessary official action of the Agency, the Agency has duly authorized and approved the execution and delivery of and the performance by the Agency of the obligations contained or described in the Agency Portion of the Preliminary Official Statement, the Agency Portion of the Official Statement and the Agency Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, each Agency Document will constitute the legally valid and binding obligation of the Agency enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws or equitable principles relating to or affecting creditors’ rights generally or by the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State.

(iii) Agency Portion of Official Statement Accurate and Complete. The Agency Portion of the Preliminary Official Statement was as of its date, and the Agency Portion of the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Agency Portion of the Preliminary Official Statement and the Agency Portion of the Official Statement contain, and up to and including the Closing, will contain no misstatement of any material fact and do not, and up to and including the Closing, will not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to DTC or DTC’s book-entry system).

(iv) Underwriter’s Consent to Amendments and Supplements to Agency Portion of the Official Statement. The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Agency Portion of the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or

otherwise affecting the use of the Agency Portion of the Official Statement in connection with the offering, sale or distribution of the Series 2019A Bonds.

(v) Agency Agreement to Amend or Supplement Agency Portion of the Official Statement. If after the date of this Purchase Contract and until 25 days after the end of the “underwriting period” (as defined in Section 240 15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations (“Rule 15c2-12”)), any event occurs as a result of which the Agency Portion of the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Series 2019A Bonds to reflect such event, the Agency promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the Agency shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. The Underwriter hereby agrees to deposit the Official Statement with the Municipal Securities Rulemaking Board (the “MSRB”). The Underwriter acknowledges that the end of the “underwriting period” will be the date of Closing.

(vi) No Material Change in Finances. Except as otherwise described in the Agency Portion of the Official Statement, there shall not have been any material adverse changes in the financial condition of the Agency since the end of the fiscal year ending June 30, 2018.

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

(viii) No Litigation. As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, except as disclosed in the Official Statement, to the best knowledge of the Agency after due investigation, threatened (A) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Series 2019A Bonds, or in any way contesting or affecting the validity of the Series 2019A Bonds or the Agency Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from gross income for federal income tax purposes, or contesting the powers of the Agency to enter into the Agency Documents; (C) which may result in any material adverse change to the financial condition of the Agency or to its ability to pay the Series 2019A Installment Payments when due; or (D) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (A) through (D) of this sentence.

(ix) Prior Liens on Net Revenues. Other than the Senior Obligations and Contracts (as defined in the Installment Purchase Agreement), the Agency does not and will not, as of the date of Closing, have outstanding any other indebtedness which indebtedness is secured by a lien on the Net Revenues (as defined in the Installment Purchase Agreement) superior to the lien of the Series 2019A Installment Payments on the Net Revenues. Other than the (a) Installment Payments pursuant to the 2008A Installment Purchase Agreement, the 2010A Installment Purchase Agreement, the 2015A Installment Purchase Agreement, the 2016A Installment Purchase Agreement, the 2018A Installment Purchase Agreement, and the Credit Facility Agreement, and (b) principal of and interest on the 2014 Bonds (as such terms are defined in the Installment Purchase Agreement), the Agency does not and will not, as of the date of Closing, have outstanding any other indebtedness which indebtedness is secured by a lien on the Net Revenues on a parity with the lien of the Series 2019A Installment Payments on the Net Revenues.

(x) Further Cooperation: Blue Sky. The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (A) to qualify the Series 2019A Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (B) to determine the eligibility of the Series 2019A Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2019A Bonds; provided, however, that the Agency shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(xi) Consents and Approvals. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due

authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Agency of its obligations in connection with, the Agency Documents or the prepayments of the Refunded Obligations have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2019A Bonds.

(xii) No Other Obligations. Between the date of this Purchase Contract and the date of Closing and except as otherwise disclosed in the Official Statement, the Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the Net Revenues.

(xiii) Certificates. Any certificate signed by any official of the Agency and delivered to the Underwriter shall be deemed to be a representation and warranty by the Agency to the Underwriter as to the statements made therein.

(xiv) Compliance with Rule 15c2-12. The Agency Portion of the Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the Agency as of the date of the Preliminary Official Statement, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The Agency hereby covenants and agrees that, within two business days from the date hereof, it shall cause a final form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules of the MSRB.

(xv) Continuing Disclosure. Other than as disclosed in the Official Statement, during the past five years, the Agency has not failed to comply in any material respect with any continuing disclosure undertaking previously entered into by the Agency pursuant to Rule 15c2-12 of the Securities and Exchange Commission. The Agency will undertake, pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. A form of the Continuing Disclosure Certificate is set forth in Appendix [I] to the Official Statement relating to the Agency.

(b) Authority Representations, Warranties and Covenants. The Authority represents, warrants and covenants to the Underwriter that:

(i) Due Organization, Existence and Authority. The Authority is a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract, the Installment Purchase Agreement, and the Indenture (collectively, the “Authority Documents”), and to carry out and consummate the transactions contemplated by the Authority Documents and the Official Statement, excluding the Agency Portion (the “Authority Portion”).

(ii) Due Authorization and Approval. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained or described in the Preliminary

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

(iii) Authority Portion of the Official Statement Accurate and Complete. The Authority Portion of the Preliminary Official Statement was as of its date, and the Authority Portion of the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Authority Portion of the Preliminary Official Statement and the Authority Portion of the Official Statement contain, and up to and including the Closing, will contain no misstatement of any material fact and do not, and up to and including the Closing, will not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system).

(iv) Underwriter's Consent to Amendments and Supplements to Authority Portion of the Official Statement. The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Authority Portion of the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Authority Portion of the Official Statement in connection with the offering, sale or distribution of the Series 2019A Bonds.

(v) Authority Agreement to Amend or Supplement Authority Portion of the Official Statement. If after the date of this Purchase Contract and until 25 days after the end of the "underwriting period" (as defined in Rule 15c2-12), any event occurs as a result of which the Authority Portion of the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented the Official Statement should be delivered in connection with the offers or sales of the Series 2019A Bonds to reflect such event, the Authority promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the Authority shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. The Underwriter hereby agrees to deposit the Official Statement with the MSRB. The Underwriter acknowledges that the end of the "underwriting period" will be the date of the Closing.

(vi) Compliance with Rule 15c2-12. The Authority Portion of the Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the Authority as of the date of the Preliminary Official Statement, except for the omission of such

information as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The Authority hereby covenants and agrees that, within seven business days from the date hereof, it shall cause a final form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules of the MSRB.

8. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Agency and the Authority of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Agency and the Authority contained herein, shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the Agency Documents and the Authority Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there shall be in full force and effect such resolutions (the "Resolutions") as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the Agency Documents and the Authority Documents, (iii) the Agency shall perform or have performed its obligations required or specified in the Agency Documents to be performed at or prior to Closing, (iv) the Authority shall perform or have performed its obligations required or specified in the Authority Documents to be performed at or prior to Closing, and (v) the Official Statement shall not have been supplemented or amended, except pursuant to Paragraphs 7(a)(iv), 7(a)(v), 7(b)(iv), and 7(b)(v) hereof or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default, or any event that with the passage of time would be reasonably likely to result in default, shall have occurred or be existing under the Resolutions, the Authority Documents, the Agency Documents, or any other agreement or document pursuant to which any of the Agency's financial obligations were issued and the Agency shall not be in default in the payment of principal or interest on any of its financial obligations which default would materially adversely impact the ability of the Agency to make the Series 2019A Installment Payments.

(d) Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the Agency if at any time at or prior to the Closing:

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Series 2019A Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment

to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Agency, or the status of the interest on bonds or notes or obligations of the general character of the Series 2019A Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Series 2019A Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the execution, delivery, offering or sale of obligations of the general character of the Series 2019A Bonds, or the execution, delivery, offering or sale of the Series 2019A Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Series 2019A Bonds, or the Series 2019A Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market, sell or trade the Series 2019A Bonds; or

(vi) a general banking moratorium shall have been established by federal or state authorities or any material disruption in commercial banking or securities settlement or clearance services shall have occurred which moratorium or disruption materially adversely affects the Underwriter's ability to market or deliver the Series 2019A Bonds; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak or escalation of currently existing hostilities or a national or international calamity or crises, financial or otherwise, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market or deliver the Series 2019A Bonds; or

(viii) any rating of the securities of the Authority or the Agency reflecting the creditworthiness of the Agency shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Series 2019A Bonds; or

(ix) the commencement of any action, suit or proceeding described in Paragraph 7(a)(viii) hereof which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Series 2019A Bonds; or

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

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Series 2019A Bonds the following documents:

(i) Bond Opinion. An approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as Appendix [G] to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the Authority may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

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

(A) The Purchase Contract has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto is a valid and binding agreement of the Agency enforceable in accordance with its terms, except that the rights and obligations under the Purchase Contract are 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, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State; and

(B) The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE 2019 BONDS," "SECURITY FOR THE 2019 BONDS," "CONSTITUTIONAL PROVISIONS," and "TAX MATTERS" and in [Appendix F and Appendix G] thereto, insofar as such statements purport to summarize certain provisions of the Series 2019A Bonds, the Indenture, the Installment Purchase Agreement, State

law and Bond Counsel's opinions concerning certain federal tax matters relating to the Series 2019A Bonds, present a fair and accurate summary of such provisions.

(iii) Agency Counsel Opinion. An opinion of Best Best & Krieger, LLP, co-general counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(A) The Agency is a public entity duly organized and validly existing under the Constitution and the laws of the State, and has all the necessary power and authority to enter into and perform its duties under the Agency Documents;

(B) The resolution authorizing the Agency Documents has been duly adopted or ratified by the Agency;

(C) Each of the Agency Documents has been duly authorized, executed and delivered by the Agency and each constitutes a legal, valid, binding and enforceable obligation of the Agency;

(D) The execution and delivery of the Agency Documents by the Agency and compliance by the Agency with the provisions thereof, will not conflict with, or constitute or with the giving of notice or the passage of time would constitute, a breach of or default under the Agency's duties under Article 34(a) of the Contract between the State of California Department of Water Resources and Castaic Lake Water Agency for a Water Supply, entered into on April 30, 1963, by and between the State of California Department of Water Resources and the Agency and Resolution No. 178 of the Agency adopted on December 8, 1976 or the Purchase Agreement with Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District for 11,000 acre feet of water per year for a term ending December 31, 2036 and as extended consistent with the extension of the State Water Contract or under any existing law or administrative rule or regulation, or, to the best knowledge of such counsel, any court order or decree, or any agreement, contract or other instrument to which the Agency is a party or is otherwise subject or bound;

(E) Because the primary purpose of such counsel's professional engagement was not to establish factual matters and because of the wholly or partially non-legal character of many determinations involved in the preparation of the Preliminary Official Statement and the Official Statement, such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement and makes no representation that it has independently verified the accuracy, completeness or fairness of any such statements. However, in such counsel's capacity as general counsel for the Agency, such counsel advises that no information has come to its attention to lead it to believe that, as of its date the Preliminary Official Statement, and as of the date hereof and as of the Closing Date, the Official Statement (excluding therefrom all reports, financial and statistical data and forecasts therein, and the appendices thereto, and the information contained under the caption "UNDERWRITING," and "CONTINUING DISCLOSURE UNDERTAKING" (as to which such counsel expresses no opinion)) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required

to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(F) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending or, to such counsel's best knowledge, threatened, against the Agency challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the payment of the Series 2019A Installment Payments or in any way contesting or affecting the validity of the Agency Documents or any of the transactions referred to therein or contemplated thereby or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions or affects the right or ability of the Agency to enter into the Agency Documents or affects in any manner the right or ability of the Agency to make the Series 2019A Installment Payments.

(iv) Authority Counsel Opinion. An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, special counsel to the Authority, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(A) The Authority is a joint exercise of powers agency, duly created and lawfully existing under the laws and Constitution of the State;

(B) The Authority Documents have been authorized by all necessary corporate action on the part of the Authority, have been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, the Authority Documents constitute legally valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations or legal remedies against public agencies in the State;

(C) To the best of such counsel's knowledge after due inquiry, the execution and delivery of the Authority Documents and compliance with the provisions thereof; under the circumstances contemplated thereby, do not and will not conflict with any existing law, regulation, court order or consent decree to which the Authority is subject or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound;

(D) The Authority Portion of the Official Statement has been prepared by, or on behalf of, the Authority and the Official Statement has been executed on its behalf by the President of the Authority's Board of Directors; and

(E) Based on the information made available to such counsel, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained therein, the information in the Official Statement relating to the Authority under the captions “INTRODUCTION,” “THE AUTHORITY,” and “LITIGATION—The Authority” is true and accurate to the best of such counsel’s knowledge at and as of the date of the Official Statement and at and as of the date of Closing.

(v) U.S. Bank Counsel Opinion. The opinion of counsel to U.S. Bank, dated the date of the Closing, addressed to the Agency and the Underwriter, to the effect that:

(A) U.S. Bank is a national banking association duly organized and validly existing under the laws of the jurisdiction of its origin and has the corporate power to execute and deliver the Indenture and to perform its obligations under the Indenture;

(B) The execution and delivery by U.S. Bank of the Indenture and any other documentation relating to the Indenture and its performance of its obligations under the Indenture, have been and are as of the date hereof duly authorized by all necessary corporate action;

(C) No approval, authorization or other action by, or filing with, any governmental body or regulatory authority (which has not been obtained) is required in connection with the due execution, delivery and performance by U.S. Bank of the Indenture; and

(D) The Indenture has been duly executed and delivered and constitute the valid and legally binding obligation of U.S. Bank enforceable against it in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (regardless of whether enforcement is sought as a proceeding in equity or at law).

(vi) Underwriter’s Counsel Opinion. A letter from Gilmore & Bell, P.C., counsel to the Underwriter (“Underwriter’s Counsel”), dated the date of Closing and addressed to the Underwriter to the effect that:

(A) Such counsel is of the opinion that the Series 2019A Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(B) Such counsel is of the opinion that the provisions of the Continuing Disclosure Certificate comply with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended; and

(C) While such counsel has not verified and is not passing upon and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel has participated in conferences with representatives of and counsel for the Agency and the Authority and Bond Counsel and representatives of the Underwriter at which the contents of the Preliminary

Official Statement and the Official Statement were discussed and revised. Based on such counsel's representation of the Underwriter in connection with the issuance of the Series 2019A Bonds, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused such counsel to believe that the Preliminary Official Statement contained, as of its date, or the Official Statement contained as of its date or as of the date of Closing contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief is expressed as to (i) the expressions of opinion, the assumptions, the projections, the financial statements, or other financial, numerical, economic, demographic or statistical data contained in the Official Statement, (ii) the information with respect to DTC and its book-entry system and (iii) the information contained in Appendices E, G, and H to the Official Statement).

(vii) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by the General Manager or other duly authorized officer of the Agency to the effect that:

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

(B) No event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements in the Agency Portion of the Official Statement, in the light of the circumstances under which they were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system); and

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

(viii) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by a duly authorized officer of the Authority to the effect that:

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

(B) No event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements

in the Authority Portion of the Official Statement, in the light of the circumstances under which they were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system); and

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

(ix) Certificate of U.S. Bank. A certificate, dated the date of Closing, signed by a duly authorized official of U.S. Bank satisfactory in form and substance to the Underwriter, to the effect that:

(A) U.S. Bank is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Indenture;

(B) U.S. Bank is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture, and assuming due authorization and execution by the other parties thereto, the Indenture is legal, valid and binding upon U.S. Bank, and enforceable against U.S. Bank in accordance with its terms;

(C) U.S. Bank, acting as the trustee under the Indenture, has duly executed the Series 2019A Bonds under the Indenture and delivered the Series 2019A Bonds to or upon the order of the Underwriter; and

(D) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of U.S. Bank that has not been obtained is or will be required for the execution and delivery of the Series 2019A Bonds or the consummation by U.S. Bank of its obligations under the Indenture.

(x) Transcripts. Two transcripts of all proceedings relating to the authorization, execution and delivery of the Series 2019A Bonds.

(xi) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the Authority by duly authorized officers thereof.

(xii) Documents. An original executed copy of each of the Authority Documents and each of the Agency Documents.

(xiii) Agency Resolution. A certified copy of each resolution of the Agency authorizing the Agency Documents, certified by the Secretary for the Agency.

(xiv) Authority Resolution. A certified copy of each Authority Resolution, certified by the Secretary or Assistant Secretary of the Authority.

(xv) Resolution of U.S. Bank. A certified copy of the general resolution of U.S. Bank authorizing the execution and delivery of certain documents by certain officers and

employees of U.S. Bank, which resolution authorizes the execution and delivery of the Indenture by U.S. Bank.

(xvi) 15c2-12 Certificates of the Agency and the Authority. Certificates of the Agency and the Authority “deeming final” their respective portions of the Preliminary Official Statement for purposes of Rule 15c2-12.

(xvii) Tax Certificate. A tax certificate in form satisfactory to Bond Counsel.

(xviii) 8038-G. Evidence that the federal tax information form 8038-G relating to the Series 2019A Bonds has been prepared for filing.

(xix) CDIAC Statements. A copy of Notices of Sale required to be delivered to the California Debt Investment Advisory Commission pursuant to Sections 8855(g) and 53583 of the California Government Code.

(xx) Rating. Evidence from S&P Global Ratings, a Standard & Poor’s Financial Services LLC business that the Series 2019A Bonds have been assigned a rating of [“_____.”]

(xxi) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate.

(xxii) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the Agency or the Authority shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter, the Agency nor the Authority shall be under further obligation hereunder, except as further set forth in Section 9 hereof.

9. Expenses. (a) The Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Agency Documents and the Authority Documents and the cost of preparing, printing, issuing and delivering the Series 2019A Bonds; (b) the fees and disbursements of any counsel, municipal advisors, accountants or other experts or consultants retained by the Agency and the Authority; (c) the fees and disbursements of Bond Counsel, general counsel to the Agency, and special counsel to the Authority; (d) the fees and disbursements of the rating agency; (e) the cost of printing and distributing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing and distributing the Official Statement and any supplements and amendments thereto, including a reasonable number of copies thereof for distribution by the Underwriter; (f) expenses (included in the expense component of the Underwriter’s spread) incurred on behalf of the Agency’s officers or employees which are incidental to implementing this Purchase Contract, including, but not

limited to, meals, transportation, and lodging of those officers or employees; (g) CUSIP Service Bureau fees and charges; and (h) Trustee fees.

(b) The Underwriter is required to pay fees to the CDIAC in connection with the offering of the Series 2019A. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Agency agrees to reimburse the Underwriter for such fees.

(c) The Underwriter shall pay (from the expense component of the underwriting spread): (i) the cost of preparation and printing of this Purchase Contract and the Preliminary and Supplemental Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Series 2019A Bonds; and (iii) the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review; and (iv) all other expenses incurred by the Underwriter in connection with the public offering of the Series 2019A Bonds, including the fees and disbursements of Underwriter's Counsel.

10. **Notice.** Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to:

Santa Clarita Valley Water Agency,
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173
Attention: General Manager

Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing to:

Upper Santa Clara Valley Joint Powers Authority
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173
Attention: Executive Director

Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to:

Citigroup Global Markets Inc.
One Sansome Street, 26th Floor
San Francisco, California 94104
Attention: Jonathan Ash, Director

11. **Entire Agreement.** This Purchase Contract, when accepted by the Agency and the Authority, shall constitute the entire agreement among the Agency, the Authority and the Underwriter with respect to the subject matter hereof and is made solely for the benefit of the Agency, the Authority and the Underwriter (including the successors of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All of the representations, warranties and agreements of the Agency and the Authority in this Purchase Contract shall remain operative and in full force and effect except as otherwise provided herein, regardless of any investigations made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2019A Bonds.

12. No Advisory or Fiduciary Role. The Agency and Authority acknowledge and agree that (i) the purchase and sale of the Series 2019A Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Agency, the Authority and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the Agency or the Authority, (iii) the Underwriter has not assumed an advisory, fiduciary or municipal advisory responsibility in favor of the Agency or the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Agency and the Authority on other matters) and the Underwriter has no obligation to the Agency or the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the Agency and Authority have consulted their own legal, financial, municipal advisory, and other advisors to the extent deemed appropriate.

13. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

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

15. STATE LAW GOVERNS. THE VALIDITY, IN INTERPRETATION AND PERFORMANCE OF THIS PURCHASE CONTRACT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

16. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter, the Authority or the Agency without the prior written consent of the other party hereto.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Director

Accepted as of the date
first stated above:

SANTA CLARITA VALLEY WATER AGENCY

By: _____
General Manager

UPPER SANTA CLARA VALLEY JOINT
POWERS AUTHORITY

By: _____
Treasurer

S-1
PURCHASE CONTRACT

APPENDIX A

\$ _____
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2019A

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Pricing</u> <u>Rule</u>
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EXHIBIT B

§ _____
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REVENUE BONDS,
SERIES 2019A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of CITIGROUP GLOBAL MARKETS, INC. (“Citi”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the Sale Date, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A. [Citi offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date.] A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
2. [As set forth in the Purchase Contract, dated as of the Sale Date, Citi has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. [Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [TBD]]
3. Defined Terms.
 - (a) *General Rule Maturities* means those Maturities of the Bonds as noted in Schedule A hereto.
 - (b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds noted in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2019), or (ii) the date on which Citi has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the Upper Santa Clara Valley Joint Powers Authority.

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

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

(g) *Sale Date* means _____, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Citi’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, P.C., in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

CITIGROUP GLOBAL MARKETS, INC.

By: _____

Name: _____

Dated: _____, 2019.

To Be Attached:

SCHEDULE A — Sale Prices

SCHEDULE B — Final Pricing Wire