

AGENDA
BOARD OF DIRECTORS MEETING
OCWD PUBLIC FACILITIES CORPORATION
18700 Ward Street, Fountain Valley (714) 378-3200
Wednesday, October 20, 2021, 5:20 p.m.

Computer Audio: Please click the link below to join the Zoom webinar:

<https://ocwd.zoom.us/j/95734914322>

Telephone Audio: (669) 900-9128

Meeting ID: 957 3491 4322

Due to the continuing state of emergency declared by the Governor related to preventing the spread of COVID-19 and pursuant to Government Code Section 54953(e), OCWD will be holding this Board meeting by Zoom Webinar; access to this meeting will be available to the Board and the public by either computer web-link or telephone audio as noted above.

ROLL CALL

VISITOR PARTICIPATION

Time has been reserved at this point in the agenda for persons wishing to comment for up to three minutes to the Board of Directors on any item that is not listed on the agenda, but within the subject matter jurisdiction of the District. By law, the Board of Directors is prohibited from taking action on such public comments. As appropriate, matters raised in these public comments will be referred to District staff or placed on the agenda of an upcoming Board meeting.

At this time, members of the public may also offer public comment for up to three minutes on any item on the Consent Calendar. While members of the public may not remove an item from the Consent Calendar for separate discussion, a Director may do so at the request of a member of the public.

MATTERS FOR CONSIDERATION

1. MINUTES OF PUBLIC FACILITIES CORPORATION BOARD MEETING HELD SEPTEMBER 15, 2021

RECOMMENDATION: Approve minutes as presented

2. DOCUMENTS FOR TAX-EXEMPT SHORT-TERM OBLIGATIONS ISSUANCE

RECOMMENDATION: Adopt a Resolution authorizing execution and delivery of Trust Agreement, Assignment Agreement, and Installment Purchase Agreement in support of 2021 Interim Obligations issuance not to exceed \$100 million including fees

ADJOURNMENT

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Orange County Water District, 18700 Ward Street, Fountain Valley, CA not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the District Secretary. Backup material for the Agenda is available at the District offices for public review and can be viewed online at the District's website: www.ocwd.com.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the District Secretary at (714) 378-3233, by email at jdurant@ocwd.com by fax at (714) 378-3373. Notification 24 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

As a general rule, agenda reports or other written documentation has been prepared or organized with respect to each item of business listed on the agenda, and can be reviewed at www.ocwd.com. Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an open session agenda item are also on file with and available for inspection at the Office of the District Secretary, 18700 Ward Street, Fountain Valley, California, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Orange County Water District office

BOARD OF DIRECTORS, OCWD PUBLIC FACILITIES CORPORATION
September 15, 2021, 5:20 p.m.

The OCWD Public Facilities Corporation Board of Directors meeting was called to order on Zoom at 5:20 p.m. on September 15, 2021.

PFC Directors/Officers

Stephen R. Sheldon, President
Cathy Green, Vice President
Tri Ta, Secretary
Randy Fick, Chief Financial Officer
Jeremy Jungreis, General Counsel

OCWD Staff

Michael R. Markus, General Manager
Christina Fuller, Asst. District Secretary

1. Minutes of Public Facilities Corporation Board Meeting

MOTION NO. PFC-117
APPROVING MINUTES OF BOARD OF DIRECTORS MEETING

Upon motion by Director Ta, seconded by Director Green and carried [3-0], the Minutes of the OCWD Public Facilities Corporation Board of Directors meeting held April 21, 2021 are hereby approved as presented.

Ayes: Sheldon, Green, Ta

2. Extension of Commercial Paper Letter of Credit and Replacement of Dealer

Upon motion by Director Ta, seconded by Director Green the following resolution was unanimously carried [3-0]:

Ayes: Sheldon, Green, Ta

RESOLUTION NO. PFC-21-9-2
AUTHORIZING THE EXECUTION AND DELIVERY OF A DEALER AGREEMENT AND
AUTHORIZING CERTAIN OTHER MATTERS RELATED THERETO

WHEREAS, the OCWD Public Facilities Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") with the authority to assist in the financing of certain facilities on behalf of the Orange County Water District (the "District"); and

WHEREAS, the Corporation has previously authorized the execution and delivery of the Orange County Water District Commercial Paper Certificates Series A (Tax- Exempt) (the "Series A Certificates") and Commercial Paper Certificates Series B (Taxable) (the "Series B Certificates" and together with the Series A Certificates, the "Certificates") under and pursuant to Resolution PFC-15-10-1 adopted by the Corporation on October 21, 2015; and

WHEREAS, in connection with the execution and delivery of the Certificates, the District, the Corporation and Citigroup Global Markets Inc. (“Citigroup”) entered into that certain Amended and Restated Dealer Agreement dated November 1, 2015 (the “Amended and Restated Dealer Agreement”) for Citigroup to act as exclusive dealer of the Certificates; and

WHEREAS, pursuant to Section 5 of the Amended and Restated Dealer Agreement, the Corporation desires to terminate the Amended and Restated Dealer Agreement and appoint J.P. Morgan Securities, LLC (“J.P. Morgan”) as the successor dealer of the Certificates under the Dealer Agreement dated September 1, 2021, by and among the District, the Corporation and J.P. Morgan (the “Dealer Agreement”); and

NOW, THEREFORE, the Board of Directors of the Corporation does hereby resolve as follows:

SECTION 1. Dealer Agreement. The Dealer Agreement, in substantially the form on file at the District office (Exhibit A), is hereby approved. The President or Vice President, together with the Chief Financial Officer, Secretary or Assistant Secretary of the Corporation is hereby authorized and directed to execute and deliver the Dealer Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Special Counsel, and approved by the officer executing the same, said execution being conclusive evidence of such approval.

SECTION 2. Other Actions. The President, Vice President, Chief Financial Officer, Secretary and Assistant Secretary of the Corporation, and any other officer of the Corporation, are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the execution and delivery of the Dealer Agreement, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified, confirmed and approved.

SECTION 3. Effect. This resolution shall take effect immediately.

ADJOURNMENT

There being no further business to come before the PFC Board, the meeting was adjourned at 5:25 p.m.

Christina Fuller, Assistant District Secretary

AGENDA ITEM SUBMITTAL

Meeting Date: October 20, 2021

To: Public Facilities Corporation

From: Mike Markus

Staff Contact: R. Fick

Budgeted: N/A

Budgeted Amount: N/A

Cost Estimate: N/A

Funding Source: N/A

Program/Line Item No.: N/A

General Counsel Approval: N/A

Engineers/Feasibility Report: NA

CEQA Compliance: N/A

**Subject: DOCUMENTS FOR TAX-EXEMPT SHORT-TERM OBLIGATIONS
ISSUANCE**

SUMMARY

On September 9, 2021, staff presented to the Administration/Finance Issues Committee an opportunity to issue tax-exempt short-term obligations to finance a portion of the PFAS Treatment Facilities Project (the "Project") construction from Fiscal Year (FY) 2021-22 thru 2024-25. This recommendation delays drawing on the Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan to fund up to \$130,657,383 of the Project. The WIFIA loan has an interest rate of 1.84%. Tax-exempt short-term obligations would carry a lower interest rate than the WIFIA loan during the Project construction period. The tax-exempt short-term obligations would eventually be repaid from a single draw on the WIFIA loan near the end of the Project construction period. Staff estimates this financing plan will reduce interest expenses over the life of the WIFIA loan by approximately \$3.5 million with a net present value (NPV) savings of approximately \$1.4 million assuming all-in true interest cost of approximately 0.86% based on market conditions as of October 4, 2021. Preparation of the necessary documents to move forward with the issuance of tax-exempt short-term obligations was approved at the September 15, 2021, Board meeting.

Attachment(s):

- Resolution
- Installment Purchase Agreement
- Trust Agreement
- Assignment Agreement

RECOMMENDATION

Adopt a Resolution authorizing execution and delivery of Trust Agreement, Assignment Agreement, and Installment Purchase Agreement in support of 2021 Interim Obligations issuance not to exceed \$100 million including fees.

BACKGROUND/ANALYSIS

The Board approved the preparation of documents needed to issue tax-exempt short-term obligations to finance the PFAS Treatment Facilities Project construction from Fiscal Year

(FY) 2021-22 thru 2024-25 at the September 15, 2021, Board meeting. This action defers drawing on the Environmental Protection Agency Water Infrastructure Finance and Innovation Act (WIFIA) loan to fund up to \$130,657,383 of the design and construction at an interest rate of 1.84%

A draft of the documents has been prepared for Board review and approval and a summary of these documents to execute this transaction is provided below:

- Corporation Resolution. Corporation resolution authorizing the execution and delivery of the 2021 Interim Obligations.
- Trust Agreement. The Indenture includes instructions to the Trustee (US Bank) to execute and deliver the 2021 Interim Obligations, to apply the proceeds of the 2021 Interim Obligations and describes when and how principal and interest on the 2021 Interim Obligations are paid and when such obligations can be prepaid.
- Installment Purchase Agreement. The Installment Purchase Agreement establishes the specific terms and conditions to provide Installment Payments for paying the 2021 Obligations. Pledges District revenues to make Installment Payments and contains important District covenants for the benefit of bond holders.
- Assignment Agreement. Agreement between the Corporation and U.S. Bank National Association, as Trustee, pursuant to which the Corporation assigns its rights and interest in the Installment Purchase Agreement, including the right to receive the installment payments, to the Trustee.

Regarding the Revenue Certificates of Participation (Interim Obligations), Series 2021, set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the municipal advisor, as required under Section 5852.1 of the California Government Code (the "Code"). The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.

- (a) The true interest cost of the Obligations is estimated at 0.86%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Obligations, including all fees and charges paid to third parties, is estimated at \$370,815.
- (c) Proceeds of the Obligations received by the District for the sale of the Obligations, including the estimated principal amount of the proposed Obligations of \$94,420,000, plus the proposed premium of \$11,066,024, less the finance charges set forth in (b) above and the capitalized interest fund of \$10,693,375, is equal to \$94,421,834 (estimated amount for the Project Fund).
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$98,005,027 (does not include interest payable from the capitalized interest fund referenced in section (c)).

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

Moving forward with the issuance of the 2021 Interim Obligations, staff and its consultants will schedule rating agency calls in October 2021.

PRIOR BOARD ACTION

R21-9-141- 9-15-21: Select J.P. Morgan for Bond Underwriting Services, Stradling Yocca as Bond Counsel and Fieldman Rolapp as Municipal Advisor, and authorize Preparation of Documents of Future Issuance of Tax-Exempt Short-Term Obligations

RESOLUTION NO. C-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OCWD PUBLIC FACILITIES CORPORATION IN
CONNECTION WITH THE AUTHORIZATION,
PREPARATION, SALE AND DELIVERY OF NOT TO EXCEED
\$100,000,000 CERTIFICATES OF PARTICIPATION**

WHEREAS, the OCWD Public Facilities Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”) with the authority to assist the Orange County Water District (the “District”) with the construction of certain water treatment improvements to groundwater pumping facilities owned by groundwater producers within its boundaries (the “Project”); and

WHEREAS, in order to provide funds for the acquisition of a portion of the Project, the District has previously entered into that certain WIFIA Loan Agreement dated as of August 18, 2021 by and between the District and the United States Environmental Protection Agency (the “WIFIA Loan”); and

WHEREAS, the Corporation and the District have determined to authorize the financing of the Project on an interim basis, to approve certain agreements relating thereto and to authorize the preparation, sale and delivery of one or more series of certificates of participation (collectively, the “Certificates”); and

WHEREAS, the District currently intends to repay the Certificates from proceeds of a draw on the WIFIA Loan;

NOW, THEREFORE, the Board of Directors of the Corporation does hereby resolve as follows:

SECTION 1: Financing. This Board of Directors hereby authorizes the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$100,000,000 (except such amount may be increased with the approval of the Chief Financial Officer of the Corporation to provide for original issue discount to the extent such original issue discount will result in a lower interest rate or yield to maturity with respect to the Certificates).

SECTION 2: Financing Documents. The Installment Purchase Agreement, the Assignment Agreement, and the Trust Agreement presented at this meeting are approved. The President or Vice President, together with the Chief Financial Officer, Secretary or Assistant Secretary of the Corporation is authorized and directed to execute and deliver the Installment Purchase Agreement, the Assignment Agreement and the Trust Agreement. The Installment Purchase Agreement, the Assignment Agreement and the Trust Agreement shall be executed in substantially the forms hereby approved, with such changes, insertions and omissions as are recommended by General Counsel or special counsel to the District Stradling Yocca Carlson & Rauth, a Professional Corporation (“Special Counsel”) and approved by such officers, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3: Good Faith Estimates. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

SECTION 4: Other Actions. The President, Vice President, Chief Financial Officer, Secretary and Assistant Secretary of the Corporation, and any other officer of the Corporation are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale and delivery of the Certificates described in this resolution, and the delivery of the Installment Purchase Agreement, Assignment Agreement, and Trust Agreement, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified, confirmed and approved.

SECTION 4: Effect. This resolution shall take effect from and after its date of adoption.

I DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. C-_____ adopted by the Board of Directors of the OCWD Public Facilities Corporation on October 20, 2021.

Corporation Secretary

INSTALLMENT PURCHASE AGREEMENT

by and between

ORANGE COUNTY WATER DISTRICT

and

OCWD PUBLIC FACILITIES CORPORATION

Dated as of October 1, 2021

relating to

**[\$100,000,000]
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2021A**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of October 1, 2021, by and between ORANGE COUNTY WATER DISTRICT, a political subdivision duly organized and existing under and by virtue of the laws of the State of California (the “District”), and OCWD PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”).

WITNESSETH:

WHEREAS, the District proposes to acquire certain facilities described in Exhibit B attached hereto (collectively, the “2021 WIFIA Project”);

WHEREAS, the Corporation has agreed to assist the District in acquiring the 2021 WIFIA Project;

WHEREAS, the District and the Corporation have duly authorized the execution of this Agreement;

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

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 Trust Agreement.

Accountant’s Report. The term “Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Agreement. The term “Agreement” means this Installment Purchase Agreement, dated as of October 1, 2021, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Bonds. The term “Bonds” means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues

on a parity with the Series 2021 Installment Payments and which are secured by a pledge of and lien on the Revenues as described in Section 5.1 hereof, including but not limited to the 2013 Bonds, the 2017 Bonds, the 2019 Bonds and the TRAN.

Certificates. The term “Certificates” means the Revenue Certificates of Participation, Series 2021A executed and delivered by the Trustee pursuant to Section 2.1 of the Trust Agreement.

Contracts. The term “Contracts” means the Agreement and any amendments and supplements hereto, and all contracts of the District previously or hereafter authorized and executed by the District, the Installment Payments under which are payable from Net Revenues on a parity with the Series 2021 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 2003A Installment Purchase Agreement, 2019AB Installment Purchase Agreement, the Credit Facility Agreement and the Senior State Loans, but excluding contracts entered into for operation and maintenance of the District facilities.

Corporation. The term “Corporation” means OCWD Public Facilities Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

Cost of Issuance. The term “Cost of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Corporation or the District which are related to the authorization, execution and delivery of the Agreement and the Trust Agreement and the related sale of the Certificates, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by them, filing fees, initial fees and charges of the Trustee and its counsel, fees and charges of the Corporation, legal fees and charges, fees and expenses of consultants and professionals, fees and expenses of any financial advisor, fees and charges for preparation, execution, delivery and safekeeping of the Certificates, the premium for any policy of municipal bond insurance applicable to Certificates, and any other charge, cost or fee in connection with the original sale, execution and delivery of the Certificates.

Credit Facility Agreement. The term “Credit Facility Agreement” means the Reimbursement Agreement, dated as of May 1, 2021, by and among the District, the Corporation and Bank of America, N.A., as amended to the date hereof, as such agreement may be amended or supplemented from time-to-time in accordance with the terms thereof.

Debt Service. The term “Debt Service” means, for any period of calculation, the sum of:

(1) the interest payable during such period 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 District 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),

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal),

(3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period (but excluding Excluded Principal), and

(4) those portions of the Installment Payments required to be made during such period and during the next succeeding period of calculation payable during such period (except to the extent the interest evidenced and represented thereby is capitalized) (but excluding Excluded Principal);

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of

(i) the then current variable interest rate borne by such Bonds or Installment Payments plus 1%, and

(ii) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

provided further that if any series or issue of such Bonds or Contracts 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 period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; 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 District with respect to such Paired Obligations; and

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 to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

District. The term “District” means Orange County Water District, a political subdivision duly organized and existing under and by virtue of the laws of the State of California.

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

Excluded Principal. The term “Excluded Principal” means each payment of principal of Bonds or Contracts with a maturity of less than 42 months and which the District specifies in a certificate of the District signed by an authorized officer and filed with each trustee that the District intends to pay from the proceeds of Bonds or Contracts, other bonds, notes or other obligations of the District or moneys other than Revenues. No such certificate shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

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 next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the District; provided, however that in the event that the District changes its Fiscal Year, the transitional period which is less than or greater than twelve months shall also be considered a Fiscal Year.

Generally Accepted Accounting Principles. The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

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

Independent Municipal Consultant. “Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the District and who: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (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 District as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date; Series 2021 Installment Payment Date. The term “Installment Payment Date” means each date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract. The term “Series 2021 Installment Payment Date” means the fifth day prior to each Interest Payment Date, or if said date is not a Business Day, then the preceding Business Day.

Installment Payments; Series 2021 Installment Payments. The term “Installment Payments” means regularly scheduled payments to be paid by the District under and pursuant to the Contracts. The term “Series 2021 Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant hereto.

Junior State Loans. The term “Junior State Loans” means the following loans: (a) a loan designated as GWR System C-06-4462-110 entered into by and between the District and the California State Water Resources Control Board in March 2003 to finance a portion of the cost of the groundwater replenishment system; (b) a loan designated as Loan GWR System C-06-4462-120 entered into by and between the District and the California State Water Resources Control Board in July 2003 to finance the cost of Pipeline Unit 3, a portion of the groundwater replenishment system; (c) a loan designated as GWR System C-06-4462-130 entered into by and between the District and the California State

Water Resources Control Board in September 2003 to finance the cost of Pipeline Unit 2, a portion of the groundwater replenishment system; (d) a loan designated as GWR System C-06-4462-140 entered into by and between the District and the California State Water Resources Control Board in December 2003 to finance the cost of Pipeline Unit 1, a portion of the groundwater replenishment system; (e) a loan designated as GWR System C-06-4462-160 entered into by and between the District and the California State Water Resources Control Board in March 2004 to finance the cost of barrier facilities of the groundwater replenishment system; (f) a loan designated as GWR System C-06-4462-150 entered into by and between the District and the California State Water Resources Control Board in March 2004 to finance the cost of the Advanced Water Treatment Facility, a portion of the groundwater replenishment system; and (g) any other loans payable on a parity with such loan and entered into thereafter by and between the District and the California State Water Resources Control Board or similar state entity.

Law. The term “Law” means the Orange County Water District Act, Chapter 924 of the California Statutes of 1933, as amended to the date hereof, and all laws heretofore and hereafter amendatory thereof or supplemental thereto.

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

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.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means:

(1) Costs spent or incurred for maintenance and operation of the District facilities 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 District facilities in good repair and working order, and including administrative costs of the District, including but not limited to salaries and wages of employees, payments to retirement or pension plans, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and

(2) All other reasonable and necessary administrative or similar costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Certificates or of the Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds,

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 costs of water purchases.

Paired Obligations. The term “Paired Obligations” means the Swap Transactions and 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 simultaneously

issued or executed and delivered (i) the principal of which 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 which, taken together, were intended to result in a fixed interest rate obligation of the District for the term of such Bond or Contract at the time such Bonds were issued or Contracts executed, all as certified by an Independent Municipal Consultant.

Project; 2021 WIFIA Project. The term “Project” means any additions, betterments, extensions or improvements to the District’s facilities designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds. The term “2021 WIFIA Project” means the facilities so described in Exhibit B hereto.

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

Revenue Fund. The term “Revenue Fund” means those District accounts designated by the District as account numbers 41111, 41310, 41410, 41500, 45112, 45114, 45116, 45120, 45132, 45210, 45230, 45250, 45812, 45820, 45825, 45840, 45860, 49205, 49250, 51116, 51119, 52001, 45210, 50104, 50202, 50204, 50206, 50210, 50214, 51208, 51501, 50104, 50202, 50204, 50206, 50210, 50214, 51501, 53001 and 56022, together with other accounts created in the future and designated by the Board of Directors as a part of the Revenue Fund continued pursuant to Section 5.2 hereof.

Revenues. The term “Revenues” means first, all amounts received by the District as its share of proceeds of the 1% *ad valorem* property tax levied by Orange County, if and to the extent received by the District (such proceeds being received by the District in lieu of the District’s general assessment), and then all income, rents, rates, fees, charges and other moneys collected or received by the District, determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing:

(1) all income, rents, rates, fees, charges, or other moneys derived by the District 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 District; plus

(2) the proceeds of the District’s replenishment assessment, additional replenishment assessment and general assessment, including moneys provided to the District by a redevelopment agency in lieu of such general assessment or the tax described above; plus

(3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including District reserves; plus

(4) amounts received from the sale of water by the District, including but not limited to an amount equal to the amount a retail water agency within the District pays for supplemental water under a District in lieu program; plus

(5) all amounts received by the District from any annexation agreement;

but excluding:

(y) any proceeds of taxes or assessments restricted by law to be used by the District to pay bonds, notes or other indebtedness hereafter issued or which are otherwise not legally available for payment of Bonds and Contracts; and

(z) proceeds of the District's basin equity assessment.

Senior State Loans. The term "Senior State Loans" means the following loans: (a) the loan entered into by and between the District and the California State Water Resources Control Board in August 2011 for the initial expansion of the District's Groundwater Replenishment System, (b) the loan entered into by and between the District and the California State Water Resources Control Board in October 2013 for the conversion of an Orange County Flood Control District basin into a recharge facility, (c) the loan entered into by and between the District and the California State Water Resources Control Board in October 2013 for the installation of additional injection wells at the Alamitos Barrier to stop seawater intrusion, (d) the loan entered into by and between the District and the California State Water Resources Control Board in February 2016 for the construction of the La Palma basin, (e) the loan entered into by and between the District and the California State Water Resources Control Board in November 2017 for the Mid Basin Centennial Park Injection Project, (f) the loan entered into by and between the District and the California State Water Resources Control Board in October 2020 for the Groundwater Replenishment System Final Expansion Project, (g) the loan entered into by and between the District and the California State Water Resources Control Board in October 2020 for the Water Production Flow Enhancement Project, (h) the 2020 WIFIA Loan and (i) the 2021 WIFIA Loan.

Swap Transactions. The term "Swap Transactions" means collectively, (i) the International Swaps and Derivatives Association, Inc., Master Agreement (the "Master Agreement"), dated as of February 5, 2007 by and between Citibank, N.A. and the District, (ii) the Schedule to the Master Agreement, dated as of February 5, 2007, by and between Citibank, N.A. and the District, (iii) the Credit Support Annex to the Schedule to the Master Agreement, dated as of February 5, 2007, by and between Citibank, N.A. and the District, (iv) the Confirmation to the Schedule to the Master Agreement (with regard to the 2005A Certificates), dated as of February 5, 2007, by and between Citibank, N.A., and (v) the Confirmation to the Schedule to the Master Agreement (with regard to the 2007B Certificates), dated as of February 5, 2007, by and between Citibank, N.A. and the District.

TRAN. The term "TRAN" means the tax and revenue anticipation notes, if any, issued by the District to the Corporation from time to time which support the commercial paper program of the District.

Trust Agreement. The term "Trust Agreement" means the Trust Agreement, dated as of October 1, 2021 by and among the District, the Corporation and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Trustee. The term "Trustee" means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, acting in its capacity as Trustee under and pursuant to the Trust Agreement, and its successors and assigns.

2003A Installment Purchase Agreement. The term "2003A Installment Purchase Agreement" means the Installment Purchase Agreement, by and between the District and the Corporation, dated as of December 1, 2002, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

2013 Bonds. The term “2013 Bonds” means the Orange County Water District Refunding Revenue Bonds, Series 2013A issued pursuant to an Indenture of Trust, dated as of December 1, 2012, by and between the Trustee, as successor to MUFG Union Bank, N.A., and the District.

2017 Bonds. The term “2017 Bonds” means the 2017A Bonds and the 2017B Bonds.

2017A Bonds. The term “2017A Bonds” means the Orange County Water District Refunding Revenue Bonds, Series 2017A issued pursuant to an Indenture of Trust, dated as of November 1, 2016, by and between the Trustee and the District.

2017B Bonds. The term “2017B Bonds” means the Orange County Water District Refunding Revenue Bonds, Series 2017B (Taxable) issued pursuant to an Indenture of Trust, dated as of November 1, 2016, by and between the Trustee, as successor to MUFG Union Bank, N.A., and the District.

2019 Bonds. The term “2019 Bonds” means the 2019C Bonds and the 2019D Bonds.

2019AB Installment Purchase Agreement. The term “2019AB Installment Purchase Agreement” means the Installment Purchase Agreement by and between the District and the Corporation, dated as of May 1, 2019, as originally executed and as it may from time-to-time be amended or supplemented on accordance therewith.

2019C Bonds. The term “2019C Bonds” means the Orange County Water District Refunding Revenue Bonds, Series 2019C issued pursuant to an Indenture of Trust, dated as of November 1, 2019, by and between the Trustee, as successor to MUFG Union Bank, N.A., and the District.

2019D Bonds. The term “2019D Bonds” means the Orange County Water District Refunding Revenue Bonds, Series 2019D (Taxable) issued pursuant to an Indenture of Trust, dated as of November 1, 2019, by and between the Trustee, as successor to MUFG Union Bank, N.A., and the District.

2020 WIFIA Loan. The term “2020 WIFIA Loan” means the WIFIA Loan Agreement dated as of August 6, 2020 by and between the District and the United States Environmental Protection Agency for the Groundwater Replenishment System Final Expansion Project (WIFIA – N17116CA).

2021 WIFIA Loan. The term “2021 WIFIA Loan” means the WIFIA Loan Agreement dated as of August 18, 2021 by and between the District and the United States Environmental Protection Agency for the PFAS Treatment Facilities Project (WIFIA – N20116CA).

Written Consent of the Corporation or District, Written Order of the Corporation or District, Written Request of the Corporation or District, Written Requisition of the Corporation or District. The terms “Written Consent of the Corporation or District,” “Written Order of the Corporation or District,” “Written Request of the Corporation or District,” and “Written Requisition of the Corporation or District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of (i) the Corporation by its President or a Vice President or (ii) the District by the President of its Board of Directors, or its General Manager or by the Secretary of its Board of Directors or by any two persons (whether or not an officer of the Board of Directors of the District) who is specifically authorized by resolution, of the District to sign or execute such a document on its behalf.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

- (a) The District is a political subdivision duly organized and existing under and pursuant to the laws of the State of California.
- (b) The District has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.
- (c) By proper action, the District has duly authorized the execution, delivery and due performance of this Agreement.
- (d) The District 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 2021 WIFIA Project under the terms of this Agreement being included in the gross income of the Corporation or its assigns for purposes of federal or State of California income taxation.
- (e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District finance the acquisition of the 2021 WIFIA Project in the manner provided for in this Agreement.

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

- (a) The Corporation is a nonprofit public benefit corporation 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 Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.
- (b) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Corporation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.
- (c) The Corporation will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2021 WIFIA Project under the terms of this Agreement being included in the gross income of the Corporation or its assigns for purposes of federal or State of California income taxation.

ARTICLE III

PURCHASE OF THE 2021 WIFIA PROJECT

Section 3.1 Purchase of the 2021 WIFIA Project by the District. In consideration for the Series 2021 Installment Payments as set forth in Section 4.2, the Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation, the 2021 WIFIA Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of the Agreement.

Section 3.2 Title. All right, title and interest in each component of the 2021 WIFIA Project shall vest in the District or in the respective water producer set forth in Exhibit B with respect to such component immediately upon the acquisition or construction thereof. Such vesting shall occur without further action by the Corporation or the District and the Corporation shall, if requested by the District or if necessary to assure such automatic vesting deliver any and all documents required to assure such vesting.

ARTICLE IV

SERIES 2021 INSTALLMENT PAYMENTS

Section 4.1 Purchase Price.

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

(b) The principal amount of the payments to be made by the District hereunder on each Series 2021 Installment Payment Date is set forth in Exhibit A hereto; provided, however, the amount payable by the District to the Corporation on each Series 2021 Installment Payment Date shall be reduced by the amount, if any, on deposit in the Certificate Payment Fund and available or to be available for the payment of principal of and interest with respect to the Certificates on such Interest Payment Date as a result of prepayment in accordance with Article VII.

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

Section 4.2 Series 2021 Installment Payments. The District shall, subject to any rights of prepayment provided in Article VII, pay the Corporation the Purchase Price in installment payments of interest and principal in the amounts relating to each Series 2021 Installment Payment Date as set forth in Exhibit A hereto.

Each Series 2021 Installment Payment shall be paid to the Corporation in lawful money of the United States of America. In the event the District 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 District until such amount shall have been fully paid; and the District 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 2021 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2021 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 District will not discontinue or suspend any Series 2021 Installment Payments required to be made by it under this section when due, whether or not the facilities of the District or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part and such payments shall not be subject to reduction whether by offset, abatement or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.1 Pledge of Revenues. All of the Revenues and all amounts held in the Revenue Fund are hereby irrevocably pledged to the payment of the Series 2021 Installment Payments as provided herein and the Revenues shall not be used for any other purpose while any of the Series 2021 Installment Payments remain unpaid; provided that out of the Revenues 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 first lien on and security interest in Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted herein, the Revenue Fund.

Section 5.2 Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in the Revenue Fund of the District, which fund the District has previously created and which the District agrees and covenants to maintain and to hold in trust 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 District as provided in the Agreement.

The District 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 they become due and payable. Thereafter, all remaining moneys in the Revenue Fund shall be applied by the District at the following times for the transfer to 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 set forth in this Section.

(a) Certificate Payment Fund. On or before each Installment Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the respective 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 any Bond or Contract. Any such deposit shall be reduced to the extent amounts are on deposit in the applicable payment fund.

(b) Reserve Funds. On or before each Installment Payment Date, the District shall, from the remaining moneys in the Revenue Fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such reserve funds and/or accounts to an amount equal to the amount required to be maintained therein.

(c) Surplus. Moneys on deposit in the Revenue Fund on any date when the District 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) or (b) above may be expended by the District at any time for any purpose permitted by law, including but not limited to making payments with respect to the Junior State Loans and the Swap Transactions and to purchase water for replenishment purposes.

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

(a) Bonds and Contracts may be issued or incurred by the District, provided that the District covenants that no Bond or Contract shall be issued, incurred or delivered unless at the time such Bond or Contract is created or incurred the Net Revenues as shown by the books of the District for a twelve (12) consecutive calendar month period within the twenty-four (24) calendar month period prior to the issuing or incurring of such Bond or Contract, as shown by an audit certificate or opinion of an Independent Certified Public Accountant or firm of Independent Certified Public Accountants or an Independent Municipal Consultant employed by the District, plus, at the option of the District, an allowance for Net Revenues that would have been derived from any increase in the replenishment assessments and additional replenishment assessments prescribed and assessed by the District which became effective prior to the issuing or incurring of such Bond or Contract, but which, during all or any part of said twelve-month period, was not in effect, shall have amounted to at least 1.25 times maximum annual Debt Service.

(b) Subparagraph (a) of this Section 5.3 notwithstanding, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

For purposes of this section, Net Revenues shall include investment earnings on the on reserve funds and/or accounts created with respect to Contracts or Bonds transferred to a trustee or similar institution for application to the payment of such Contract or Bonds.

Section 5.4 Investments. All moneys held by the District in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in the respective fund, except as otherwise provided herein.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.1 Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2021 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 the 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 2021 WIFIA Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it; and it is expressly understood and agreed by and between the parties to the Agreement that, subject to Section 10.6 hereof, each of the agreements, conditions, covenants and terms contained in each of the Agreement and the Trust Agreement is an essential and material term of the purchase of and payment for the 2021 WIFIA Project by the District pursuant to, and in accordance with, and as authorized under, the Law.

The District 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 District will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided herein. The District 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 (as provided in Section 5.2), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein. The District will not issue any evidences of indebtedness or incur other obligations which are payable from and secured by a pledge of and lien on Revenues senior to the pledge of and lien on Revenues of the Series 2021 Installment Payments.

Section 6.3 Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of District facilities or any part thereof necessary to secure adequate Revenues for the payment of the Series 2021 Installment Payments, or which would otherwise impair the rights of the Corporation hereunder. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the District facilities, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2021 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

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

Section 6.4 Tax Covenants. Notwithstanding any other provision of the Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Certificates will not be adversely affected for federal income tax purposes, the District and the Corporation covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

- (a) Private Activity. The District and the Corporation will not take or omit to take any action or make any use of the proceeds of the Certificates or of any other moneys or property which would cause the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code.
- (b) Arbitrage. The District and the Corporation will make no use of the proceeds of the Certificates or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code.
- (c) Federal Guarantee. The District and the Corporation will make no use of the proceeds of the Certificates or take or omit to take any action that would cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.
- (d) Information Reporting. The District and the Corporation 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 District and the Corporation will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Certificates to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District and the Corporation 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 Certificates for federal income tax purposes.
- (f) Miscellaneous. The District and the Corporation will take no action or omit from taking any action inconsistent with the expectations stated in any Tax Certificate executed with respect to the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District and the Corporation from causing to be executed and delivered Certificates, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 6.5 Payment of Claims. The District 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 Trust Agreement or on any funds in the hands of the District pledged to pay the Series 2021 Installment Payments or to the Owners prior or superior to the lien of the Series 2021 Installment Payments or which might impair the security of the Series 2021 Installment Payments, except that if the District desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the District will forthwith pay or cause to be paid and discharged such judgment.

Section 6.6 Insurance. The District will at all times maintain with responsible insurers all such insurance on the water facilities owned or operated by the District and all of the operations of the District as is customarily maintained by similar governmental agencies with respect to works and properties of like character against accident to, loss of or damage to such works or properties and against loss of revenues.

The District shall also maintain with responsible insurers worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary and obtainable.

Notwithstanding the foregoing, the District may provide any insurance required by this Section through a self-insurance program.

Section 6.7 Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the District, which records shall be available for inspection by the Corporation and the Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Trustee annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2021) financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon.

(c) The Trustee shall have no duty to inspect the accounting records or review the financial statements of the District.

Section 6.8 Protection of Security and Rights of the Corporation. The District will preserve and protect the security hereof and the rights of the Corporation to the Series 2021 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.9 Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the District, or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the District facilities, or any part thereof, but the District 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 6.10 Amount of Rates, Fees and Charges. (a) The District, to the fullest extent permitted by law, will prescribe and assess at the commencement of each Fiscal Year replenishment assessments and additional replenishment assessments in accordance with the provisions of the Law which, when combined with other Revenues of the District, are reasonably expected to be at least sufficient to yield Net Revenues during each Fiscal Year equal to one hundred twenty-five percent (125%) of Debt Service payable in such Fiscal Year. The District may make adjustments from time to time in such replenishment assessments and additional replenishment assessments, and may make such classification thereof as it deems necessary, but shall not reduce the replenishment assessments and additional replenishment assessments then in effect unless the Net Revenues are reasonably expected to be sufficient to meet the requirements of this Section.

(b) For avoidance of doubt, so long as the District has complied with its obligations set forth in Section 6.10(a) above, the failure of Net Revenues to meet the threshold set forth in Section 6.10(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.10(a) at the commencement of the succeeding Fiscal Year.

Section 6.11 Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 6.12 Continuing Disclosure. The District will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner of Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations thereunder. For purposes of this paragraph, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

Section 6.13 Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and 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 District any water system competitive with its facilities.

Section 6.14 Principal Payments; Draw on the WIFIA Loan. The District covenants that, if the District has not provided funds to pay the principal amount of the Series 2021 Installment Payments attributable to the Certificates when due at maturity of the Certificates, the District will draw on the WIFIA Loan to pay such principal amount of the Series 2021 Installment Payments when due (to the extent such principal amount of the Series 2021 Installment Payments was used to pay for any portion of the purchase price of the 2021 WIFIA Project).

ARTICLE VII

PREPAYMENT OF SERIES 2021 INSTALLMENT PAYMENTS

Section 7.1 Prepayment.

(a) Prepayment of Series 2021 Installment Payments for Certificates from Net Proceeds. The District may or shall, as the case may be, prepay from the Net Proceeds as provided herein the Series 2021 Installment Payments attributable to the Certificates as a whole or in part in the order of payment date as directed by the District, at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) Optional Prepayment of Series 2021 Installment Payments for Certificates. The District may prepay the Series 2021 Installment Payments attributable to the Certificates as a whole or in part in the order of payment date as directed by the District on any date on and after _____, 202_ from any

available funds. The principal amount of the unpaid Series 2021 Installment Payments attributable to the Certificates is payable at a prepayment price equal to the principal amount of such Series 2021 Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment without premium.

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

Section 7.2 Method of Prepayment. Before making any prepayment pursuant to Section 7.1, the District 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 Corporation 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) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1 Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say:

(1) if default shall be made in the due and punctual payment of any Series 2021 Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(2) if default shall be made by the District in the observance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Trustee or by the Owners of not less than a majority in aggregate principal amount of the Certificates; provided, however, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such sixty (60) day period, and corrective action is instituted by the District within such thirty (60) day period and pursued diligently in good faith until the default is corrected, such default shall not constitute an Event of Default hereof;

(3) if the District 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 District 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 District or of the whole or any substantial part of its property; or

(4) if the principal of any Bond or Contract is accelerated in accordance with the terms thereof;

then and in each and every such case during the continuance of an Event of Default specified in clauses (3) and (4) above, the Corporation shall, and during the continuance of any other Event of Default,

may declare the entire principal amount of the unpaid Series 2021 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 subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2021 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 District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the Series 2021 Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (1) 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 2021 Installment Payments or such Contract or Bond if paid in accordance with their terms and the reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid Series 2021 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 Corporation or provision deemed by the Corporation to be adequate shall have been made therefore, then and in every such case the Corporation by written notice to the District, 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 shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation and Trustee and any other trustee with respect to other Bonds or Contracts, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel;

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

Third, to the payment of the entire principal amount of the unpaid Series 2021 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 2021 Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

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

- (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or such person's duties under the Law and the agreements and covenants required to be performed by it or such person contained herein;
- (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Corporation or the Trustee; or
- (c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Corporation shall not have a security interest in or mortgage on the 2021 WIFIA Project, the District facilities or other assets of the District and no default hereunder shall result in the loss of the 2021 WIFIA Project, District facilities or other assets of the District.

Section 8.4 Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2021 Installment Payments to the Corporation at the respective due dates or upon prepayment from the Net Revenues and the Revenue Fund pledged for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

Section 8.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation or the Certificate Owners, or as provided in the Trust Agreement, 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 under the Trust Agreement 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.

If any remedial action is discontinued or abandoned, the Trustee and Certificate Owners shall be restored to their former positions.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1 Discharge of Obligations. When:

(1) all or any portion of the Series 2021 Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2021 Installment Payments shall have been filed with the Trustee; and

(2) there shall have been deposited with the Trustee at or prior to the Series 2021 Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any

portion of the Series 2021 Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (a) 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 2021 Installment Payments to their respective Series 2021 Installment Payment Dates or prepayment date or dates as the case may be; and

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

then and in that event the right, title and interest of the Corporation herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2021 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 District to have such moneys and such Permitted Investments applied to the payment of such Series 2021 Installment Payments).

In such event, upon request of the District the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District 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 District, after payment of all amounts due the Trustee pursuant to the Trust Agreement, as an overpayment of Series 2021 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 2021 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2021 Installment Payments and shall be applied by the Trustee to the payment of the Series 2021 Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.1 Liability of District Limited to Net Revenues. The obligation of the District to make the Series 2021 Installment Payments is a special obligation of the District payable solely from Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained in the Agreement, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds and accounts provided herein for the payment of the Series 2021 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District 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 District for such purpose.

Section 10.2 Benefits of Installment Purchase Agreement Limited to Parties. Except as provided in Section 10.3 hereto, nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation 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 District or the Corporation is named or referred to herein, such reference shall be deemed to include

the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation 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 District shall be individually or personally liable for the payment of the Series 2021 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.5 Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the 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 District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed the 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 Agreement and any rights hereunder may be assigned by the Corporation to the Trustee, as a whole or in part, without the necessity of obtaining the prior consent of the District.

Section 10.8 Net Contract. The Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Series 2021 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 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 District:	Orange County Water District 18700 Ward Street Fountain Valley, California 92708 Attention: General Manager
---------------------	--

If to the Corporation: OCWD Public Facilities Corporation
18700 Ward Street
Fountain Valley, California 92708
Attention: Chief Financial Officer

Section 10.11 Effective Date. The 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 Corporation).

Section 10.12 Execution in Counterparts. The 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 Corporation. The District hereby agrees to indemnify and hold harmless the Corporation 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, under the Trust Agreement, and the Assignment Agreement; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder, under the Trust Agreement or the Assignment Agreement by the Corporation.

Section 10.14 Amendments Permitted. (1) The Agreement and the rights and obligations of the Corporation, the District, the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 12.4 of the Trust Agreement shall have been filed with the Trustee. No such modification or amendment shall

(a) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or

(b) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of the Agreement, or

(c) modify any of the rights or obligations of the Trustee or the Corporation without its respective written consent thereto.

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

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

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

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

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

(e) to modify, amend or supplement the Agreement in such manner as to cause interest on the Certificates to remain excludable from gross income under the Code.

(3) No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without its written consent thereto.

Section 10.15 Notice to Rating Agencies. Any rating agency rating the Certificates shall receive notice of each amendment to the Agreement and a copy thereof at least 15 days in advance of its execution.

Section 10.16 Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the execution and delivery of the Certificates irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

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

ORANGE COUNTY WATER DISTRICT

By: _____
President

By: _____
General Manager

APPROVED AS TO FORM:

General Counsel

OCWD PUBLIC FACILITIES CORPORATION

By: _____
President

By: _____
Secretary

EXHIBIT A

SERIES 2021 INSTALLMENT PAYMENT SCHEDULE

<i>Series 2021 Installment Payment Date</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
	\$	\$	\$

TOTAL

\$

\$

\$

EXHIBIT B

DESCRIPTION OF 2021 WIFIA PROJECT

The 2021 WIFIA Project is described below:

Producer	Well Description	Amount
----------	------------------	--------

[TO COME]

TRUST AGREEMENT

by and among

OCWD PUBLIC FACILITIES CORPORATION,

as Corporation

and

ORANGE COUNTY WATER DISTRICT,

as District

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

Dated as of October 1, 2021

Relating to

[\$100,000,000]

REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2021A

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TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of October 1, 2021 (the “Trust Agreement”), by and among the OCWD PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), the ORANGE COUNTY WATER DISTRICT, a political subdivision duly organized and existing under the laws of the State of California (the “District”) and U.S. BANK NATIONAL ASSOCIATION, as trustee (the “Trustee”), a national banking association authorized to exercise trust powers, duly organized and existing under the laws of the United States of America;

W I T N E S S E T H:

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

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; CONTENTS OF CERTIFICATES AND OPINIONS; RECITALS

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 Agreement.

Acquisition Fund. The term “Acquisition Fund” means the fund by that name established pursuant to Section 3.5 hereof.

Agreement. The term “Agreement” means the Installment Purchase Agreement, dated as of October 1, 2021, by and between the District and the Corporation, as originally executed or as it may from time to time be amended in accordance with its terms.

Assignment Agreement. The term “Assignment Agreement” means the Assignment Agreement, dated as of October 1, 2021 by and between the Corporation and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

Beneficial Owner. The term “Beneficial Owner” means with respect to any Certificate while in book-entry form, as provided in Section 2.10 of the Trust Agreement, the person who is the beneficial owner of such Certificate, according to the records of the Securities Depository or its agent, and with respect to any Certificate not in book-entry form, the Owner thereof.

Bond Counsel. The term “Bond Counsel” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

Business Day. The term “Business Day” means a day other than: a Saturday or Sunday or a day on which (i) banks located in the city in which the Corporate Trust Office of the Trustee is located are not required or authorized to remain closed, and (ii) The New York Stock Exchange is not closed.

Capitalized Interest Account. The term “Capitalized Interest Account” means the account by that name established in the Certificate Payment Fund pursuant to Section 5.6 hereof.

Certificate Payment Fund. The term “Certificate Payment Fund” means the fund by that name established in Section 5.2 hereof.

Certificates. The term “Certificates” means the Revenue Certificates of Participation, Series 2021A executed and delivered by the Trustee pursuant to Section 2.1 of this Trust Agreement.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations in effect with respect thereto.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Delivery Date, of the District, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Corporate Trust Office. The term “Corporate Trust Office” means, with respect to the Trustee, the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which at the date of execution of the Trust Agreement is that specified in Section 11.11; provided, for registration, transfer, exchange, surrender and payment of Certificates such office may be such other office of the Trustee designated for such purpose.

Cost of Issuance Fund. The term “Cost of Issuance Fund” means the fund by that name established in Section 3.4 hereof.

Defeasance Securities. The term “Defeasance Securities” means: (a) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- “SLGs”); (b) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (c) The interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (d) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P , or, if rated only by S&P, which have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; or (e) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S: (1) U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership; (2) Farmers Home Administration (FmHA) certificates of beneficial ownership; (3) Federal Financing Bank; (4) General Services Administration participation certificates; (5) U.S. Maritime Administration guaranteed Title XI financing; or (6) U.S. Department of Housing and Urban Development (HUD) project notes, local authority bonds, new communities debentures - U.S. government guaranteed debentures, and U.S. public housing notes and bonds - U.S. government guaranteed public housing notes and bonds.

Delivery Date. The term “Delivery Date” means, with respect to the Certificates, the date on which such Certificates were executed and delivered to the original purchaser thereof.

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

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

Installment Payment Date. The term “Installment Payment Date” means each date on which Installment Payments are scheduled to be paid by the District pursuant to the Agreement.

Installment Payments. The term “Installment Payments” means the Series 2021 Installment Payments payable by the District pursuant to the Agreement and in the amounts and at the times set forth in the Agreement.

Interest Payment Date. The term “Interest Payment Date” means each February 15 and August 15, commencing February 15, 2022.

Investment Agreement. The term “Investment Agreement” means an investment agreement supported by appropriate opinions of counsel; provided the provider thereof or the guarantor thereof is rated at least “AA” and “Aa” by S&P and Moody’s, respectively.

Letter of Representations. The term “Letter of Representations” means the letter of the District delivered to and accepted by DTC on or prior to delivery of the Certificates as book-entry certificates setting forth the basis on which DTC serves as depository for such book-entry certificates, as originally executed or as it may be supplemented or revised or replaced by a letter from the District delivered to and accepted by DTC.

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

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

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

Opinion of Counsel. The term “Opinion of Counsel” means a legal opinion issued by Bond Counsel addressed to the District, the Corporation and the Trustee to the effect that an action proposed to be taken is not prohibited by the laws of the State or the Agreement.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 11.4) all Certificates theretofore or thereupon executed and delivered by the Trustee except

- (a) Certificates canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Certificates paid or deemed to have been paid within the meaning of Section 10.1; and

(c) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.9.

Owner. The term “Owner” or “Certificate Owner” or “Owner of Certificates” or any similar term, when used with respect to the Certificates, means any person who shall be the registered owner of any Outstanding Certificate as shown on the registration books maintained by the Trustee pursuant to Section 2.8.

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

Participating Underwriter. The term “Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

Permitted Investments. The term “Permitted Investments” means any of the following obligations if and to the extent that they are permissible investments of funds of the District:

(a) Direct obligations of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (“Eximbank”)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (“FmHA”)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (“FHA”)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (“GNMA”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues)
7. United States Maritime Administration
Guaranteed Title XI financing

8. United States Department of Housing and Urban Development (“HUD”)
 - Project Notes
 - Local Authority Bonds
 - New Communities Debentures
 - United States government guaranteed debentures
 - United States Public Housing Notes and Bonds
 - United States government guaranteed public housing notes and bonds
9. Small Business Administration (“SBA”)

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System (“FHLB”)
 - Senior debt obligations
2. Federal Home Loan Mortgage Corporation (“FHLMC”)
 - Participation Certificates
 - Senior debt obligations
3. Federal National Mortgage Association (“FNMA”)
 - Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (“SLMA”)
 - Senior debt obligations
5. Resolution Funding Corporation obligations
6. Farm Credit System
 - Consolidated system-wide bonds and notes
7. Tennessee Valley Authority
 - Senior debt obligations

(d) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2,” including funds for which the Trustee or any of its affiliates (including any holding company, subsidiaries, or other affiliates) provides investment advisory or other management services excluding any funds with a floating net asset value, provided such funds satisfy the criteria contained in this Trust Agreement.

(e) Certificates of deposit secured at all times by collateral described in clauses (a) and/or (b) above. Such certificates must be issued by commercial banks (including affiliates of the Trustee), savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are insured by FDIC, or secured at all times by collateral described in clauses (a) and/or (b) above.

(g) Investment Agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements.

(h) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest Rating Categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank (including those of the Trustee and its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.

(k) Repurchase agreements for 30 days or less must follow the following criteria. Repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; and:

1. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm;

A. Primary dealers on the Federal Reserve reporting dealer list which are rated “A” or better by S&P and Moody’s; or

B. Banks rated “A” or above by S&P and Moody’s.

2. The written repurchase agreements contract must include the following:

A. Securities which are acceptable for transfer are:

(1) Direct United States governments, or

(2) Federal agencies backed by the full faith and credit of the United States government (and FNMA, FHLMC, FHLB & Farm Credit System)

(3) SBA

B. The term of a repurchase agreement may be up to 30 days

C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is

supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

D. Valuation of Collateral

(1) The securities must be valued weekly, marked to market at current market price plus accrued interest.

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, FHLMC, FHLB or Farm Credit System, then the value of collateral must equal 105%.

(3) A legal opinion must be delivered to the municipal entity to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds.

(l) Any state or county administered pool investment fund in which the District is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State.

(m) Senior debt obligations issued or unconditionally guaranteed by any of the following entities:

1. International Bank for Reconstruction and Development
2. International Finance Corporation
3. Inter-American Development Bank

(n) Money market deposit accounts, time deposits and certificates of deposits, issued by commercial banks (including those of the Trustee, its parent and its affiliates), savings and loan associations or mutual savings banks whose short-term obligations of which are rated on the date of purchase "A-1" or better by S&P and "P-1" by Moody's

Prepayment Price. The term "Prepayment Price" means, with respect to any Certificate (or portion thereof), the principal amount with respect to such Certificate (or portion thereof) plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

Project; WIFIA Project. The term "Project" means any additions, betterments or improvements designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds. The term "WIFIA Project" means the facilities so described in Exhibit B to the Agreement.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to Section 5.5 hereof.

Record Date. The term “Record Date” means, with respect to any Interest Payment Date relating to the Certificates, the first (1st) day of the calendar month in which an Interest Payment Date occurs, whether or not such day is a Business Day.

Responsible Officer. The term “Responsible Officer” of the Trustee means and includes the chairman of the board of directors, the president, every senior vice president, every vice president, every assistant vice president, every trust officer, and every other officer and assistant officer of the Trustee, other than those specially mentioned above, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject and who is specifically assigned to administer the duties of the Trustee under the Trust Agreement.

Securities Depository. The term “Securities Depository” means The Depository Trust Company a New York banking corporation, its successors and assigns, or if (i) the then Securities Depository resigns from its functions as depository of the Certificates or (ii) the District discontinues the use of the Securities Depository pursuant to Section 2.10, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Certificates.

Securities Depositories. The term “Securities Depositories” means: The Depository Trust Company, 55 Water Street, New York, New York 10041, Attn: Redemption Area, Facsimile (212) 855-7232 or 7233; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses as such depositories may specify and/or such other securities depositories as the District may designate in a Written Request of the District delivered to the Trustee.

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

Special Counsel. The term “Special Counsel” means any attorney at law or firm of attorneys selected by the District, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

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

Statement of the Corporation or District. The term “Statement of the Corporation or District” means a statement signed by or on behalf of (a) the Corporation by its President or a Vice President or (b) the District by the President of its Board of Directors or its General Manager and by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the District) who are specifically authorized by resolution of the District (a certified copy of which has been delivered to the Trustee) to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 1.3, each Statement of the Corporation or District shall include the statements provided for in Section 1.3.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Delivery Date, concerning certain matters pertaining to the use and investment of proceeds of the Certificates executed by and delivered to the District on the date of execution and delivery of the Certificates, including any and all exhibits attached thereto.

Trust Agreement. The term “Trust Agreement” means this Trust Agreement, dated as of October 1, 2021, by and among the District, the Corporation and the Trustee, as originally executed or as it may from time to time be amended as provided for herein.

Trustee. The term “Trustee” means U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, or its successor as Trustee hereunder.

Section 1.2 Rules of Construction. Words of any gender shall be deemed and construed to include all genders, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa.

Section 1.3 Content of Statements and Opinions. Every statement or opinion with respect to compliance with a condition or covenant provided for in the Trust Agreement, including each Statement of the Corporation, shall include (a) a statement that the person or persons making or giving such statement or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such statement or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such statement or opinion made or given by an officer of the Corporation may be based, insofar as it relates to legal or accounting matters, upon a statement or opinion of or representations by counsel or accountants, unless such officer knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his or her statement or opinion may be based, as aforesaid, are erroneous. Any such statement or opinion made or given by counsel or accountants may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the Corporation, or upon the statement or opinion of or representations by an officer or officers of the Corporation, unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous.

Section 1.4 Recitals.

(a) Installment Purchase Agreement. The Corporation and the District have entered into the Agreement whereby the Corporation has agreed to sell to the District the WIFIA Project, and the District has agreed to purchase the WIFIA Project from the Corporation.

(b) Installment Payments. Under the Agreement, the District is obligated to pay to the Corporation or its assigns Installment Payments for the purchase of the WIFIA Project.

(c) Assignment Agreement. For the purpose of obtaining the moneys required to be deposited by the Corporation with the Trustee, the Corporation has assigned and transferred certain of its rights under the Agreement to the Trustee, pursuant to the Assignment Agreement; and in consideration of such assignment and the execution of the Trust Agreement, the Trustee has agreed to execute and

deliver the Certificates, each evidencing an interest in the Installment Payments in an aggregate amount equal to the aggregate principal amount of Certificates so executed and delivered.

(d) Conditions Precedent Satisfied. The District and the Corporation hereby certify that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, happen and be performed precedent to and in connection with the execution and entering into of the Trust Agreement and delivery of the Certificates do exist, have happened and have been performed in due time, form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into the Trust Agreement.

ARTICLE II

CERTIFICATES; TERMS AND PROVISIONS

Section 2.1 Preparation of Certificates. The Trustee is hereby authorized to execute certificates of participation, to be designated "Revenue Certificates of Participation, Series 2021A" in an aggregate principal amount of [One Hundred Million Dollars (\$100,000,000)], evidencing undivided interests in the Installment Payments to be paid by the District under the Agreement.

Section 2.2 Denominations; Forms and Numbers; Medium and Place of Payment; Dating. The Certificates shall be delivered in the form of fully registered Certificates in denominations of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby maturing in more than one year. Unless the District shall otherwise direct, the Certificates shall each be numbered from one upward, preceded by the letter "R". The Certificates shall be substantially in the form attached hereto as Exhibit A.

The principal of, premium, if any, and interest with respect to each of the Certificates shall be payable in any currency of the United States of America which on the respective dates for payment thereof is legal tender for the payment of public and private debts. The principal of the Certificates at maturity will be paid upon presentation and surrender thereof at the Corporate Trust Office of the Trustee. The principal of, premium, if any, and interest with respect to each of the Certificates (other than at maturity) shall be payable on each Interest Payment Date for the Certificates by check sent by first class mail to the person who is the Owner thereof as of the close of business on the Record Date to such Owner's address as it appears on the registration books maintained by the Trustee; provided, however, that interest with respect to any Certificate which is payable but has not been punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Owner on the relevant Record Date by virtue of having been such Owner and such interest shall be payable to the person in whose name such Certificate is registered at the close of business on a special record date fixed therefor by the Trustee, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of such interest. The Trustee shall promptly notify the District of the special record date and at the District's expense mail to each Owner of a Certificate as to which such interest is payable, not less than ten days before the special record date, of the date of the proposed payment of such interest.

Interest payable on any Interest Payment Date to the Owner of Certificates in the aggregate principal amount of \$1,000,000 or more may upon written request by such Owner received by the Trustee prior to the preceding Record Date, be paid by wire transfer in immediately available funds to a designated account in any bank in the United States. Such written request shall remain in effect until rescinded in writing by such Owner.

The principal of each Certificate at maturity will be paid upon presentation and surrender thereof at the principal Corporate Trust Office of the Trustee.

The Certificates shall be dated the date of delivery thereof. Interest with respect to Certificates shall be payable from the Interest Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date, or unless such date shall be on or before the first Record Date, in which case interest shall be payable from the date of delivery thereof, provided, however, that if, as shown by the records of the Trustee, interest represented by the Certificates shall be in default, Certificates executed in exchange for Certificates surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the Certificates, or, if no interest has been paid or duly provided for with respect to the Certificates, from the date of delivery thereof.

Section 2.3 Payment of Principal and Interest with Respect to Certificates.

The Certificates shall become payable on dates in the years and in the amounts and with an interest component as provided in subsection (c) below at the rates (based on a 360-day year of twelve thirty-day months), as follows:

<i>Payment Date</i> <i>(August 15)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>
	\$ [100,000,000]	%

Principal or Prepayment Price due with respect to the Certificates at maturity or prepayment thereof shall, to the extent of the aggregate principal amount stated upon the Certificates, represent the sum of those portions of the Installment Payments designated as principal coming due on the Installment Payment Dates immediately preceding August 15 in each year.

(a) Interest with respect to the Certificates shall be payable on each Interest Payment Date to and including the date of maturity or prior prepayment. Said interest shall represent the sum of those portions of the Installment Payments designated as interest coming due on the Installment Payment Dates, at the rates set forth in subsections (a) and (b) above.

Section 2.4 Form of Certificates. The Certificates and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement.

Section 2.5 Execution. The Certificates shall be executed by and in the name of the Trustee, as trustee under the Trust Agreement, by the manual signature of an authorized officer or signatory of the Trustee.

Section 2.6 Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Certificate for cancellation at the Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of authorized denomination or denominations of the same maturity and series for a like aggregate principal amount and interest rate. The Trustee may require the payment by any Certificate Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Certificates the Trustee shall cancel and destroy the Certificates it has received.

Section 2.7 Exchange of Certificates. Certificates may be exchanged upon surrender thereof at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity, series and interest rate. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates the Trustee shall cancel and destroy the Certificates it has received.

The Trustee shall not be required to register the exchange or transfer pursuant to Section 2.6 or Section 2.7 hereof, of any Certificate (a) within 15 days preceding selection of Certificates for prepayment or (b) selected for prepayment.

Section 2.8 Certificate Registration Books. The Trustee shall keep or cause to be kept, at its Corporate Trust Office, sufficient books for the registration and transfer of the Certificates, which shall upon reasonable prior notice and at all reasonable times be open to inspection by the Corporation or the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

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

Section 2.9 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee shall execute and deliver a new Certificate of like tenor, series, maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee at its Corporate Trust Office of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given indemnifying the Trustee, the Corporation and the District, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, maturity, series and principal amount, and numbered as the Trustee shall determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require reasonable payment for preparing each new Certificate executed under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Certificates secured by the Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of

Certificates which may be executed hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate which has been mutilated, lost, destroyed or stolen and which has matured or been selected for prepayment, the Trustee may make payment of such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10 Book-Entry System.

(a) Except as otherwise provided in this Section, each Certificate shall be executed and delivered in the form of one global certificate for each maturity of such series, registered in the name of the Securities Depository or its nominee, and ownership thereof shall be maintained in book-entry form by the Securities Depository for the account of the Participants thereof. "Securities Depository" means The Depository Trust Company appointed as Securities Depository herein, and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Certificates or (ii) the District discontinues the use of the Securities Depository pursuant to subsection (c) of this Section, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Certificates and which is appointed by the District. "Participant" means a member of, or participant in, the Securities Depository.

Initially, the Certificates shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Except as provided in subsection (c) of this Section, the Certificates may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository appointed or approved by the District or to a nominee of such successor. Each global certificate shall bear a legend substantially to the following effect: "Except as otherwise provided in the Trust Agreement this global certificate may be transferred, in whole but not in part, only to another nominee of the Securities Depository (as defined in the Trust Agreement) or to a successor Securities Depository or to a nominee of a successor Securities Depository."

With respect to book-entry Certificates, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Certificates. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, the Nominee, or any Participant with respect to any ownership interest in book-entry Certificates, (ii) the delivery to any Participant, Beneficial Owner or any other person, other than the Securities Depository, of any notice with respect to book-entry Certificates, including any notice of prepayment, (iii) the selection by DTC and its Participants of the beneficial interests in book-entry Certificates to be prepaid in the event the District prepays the Certificates in part, (iv) the payment, to any Participant, Beneficial Owner of Certificates or other person, other than the Securities Depository, of any amount of principal of, premium, if any, or interest with respect to book-entry Certificates, or (v) any consent given by the Securities Depository as owner of any Certificates. The District and the Trustee may treat and consider the person in whose name each book-entry Certificate is registered in the registration books as the absolute Owner of such book-entry Certificate for all purposes, whatsoever, including without limitation, payment of principal of, premium and interest with respect to such Certificate, giving notices of prepayment and other matters with respect to such Certificate and registering transfers with respect to such Certificate. The Trustee shall pay all principal of, premium, if any, and interest with respect to the Certificates only to or upon the order of the respective Owner, as shown in the registration books, or his or her respective attorney duly authorized

in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest with respect to the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books, shall receive a Certificate evidencing the obligation to make payments of principal of, premium, if any, and interest with respect to the Certificates. Upon delivery by DTC to the Owner and the Trustee, of written notice to the effect that DTC has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Trust Agreement shall refer to such nominee of DTC.

The District and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

(b) In order to qualify the book-entry Certificates for DTC's book-entry system, the District shall execute and deliver to DTC a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry Certificates other than the Owners, as shown on the Certificate registration books. In addition to the execution and delivery of a Letter of Representations, the District shall take such other actions, not inconsistent with the Trust Agreement, as are reasonably necessary to qualify book-entry Certificates for DTC's book-entry program.

(c) If at any time the Securities Depository notifies the Trustee and the District that it is unwilling or unable to continue as Securities Depository with respect to any or all series of the Certificates or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the District within 90 days after the District receives notice or becomes aware of such condition, or if the Securities Depository ceases to function as the Securities Depository without prior notice, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Trustee shall execute and deliver certificates representing the Certificates so affected as provided below, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such Written Request from the District. In addition, the District may determine at any time that the Certificates shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) of this Section shall no longer apply to such Certificates. In such event, the Trustee shall execute and deliver, in exchange for a global certificate, certificates representing the Certificates registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Trustee, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such Written Request from the District. The Trustee shall deliver such certificates representing the Certificates to the persons in whose names the Certificates are so registered.

(d) In the case of a partial prepayment or an advance refunding of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute

Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(e) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of The Depository Trust Company all payments with respect to the principal of and premium, if any, and interest with respect to such Certificate and all notices with respect thereto shall be made and given, respectively, to The Depository Trust Company as provided in the applicable Letter of Representations of the District addressed to The Depository Trust Company with respect thereto notwithstanding any inconsistent provisions herein.

(f) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of Nominee of DTC, any requirement for transfer or delivery of the Certificates, with respect to prepayment or otherwise, may be effectuated by providing appropriate transfer instructions to DTC.

ARTICLE III

DELIVERY OF CERTIFICATES; COST OF ISSUANCE FUND

Section 3.1 Delivery of Certificates. The Trustee is hereby authorized to execute and deliver Certificates in an aggregate principal amount of \$[100,000,000] upon the Written Order of the District.

Section 3.2 Application of Proceeds of Certificates. The net proceeds derived from the sale of the Certificates in the amount of \$ _____ shall be deposited with the Trustee, who shall deposit such net proceeds in a temporary account called the Proceeds Fund which the Trustee shall establish, maintain and hold in trust, and which shall be disbursed in full on the Delivery Date (whereupon said temporary account shall be closed) as follows: \$ _____ in the Cost of Issuance Fund, \$[100,000,000] in the Acquisition Fund and \$ _____ in the Capitalized Interest Account of the Certificate Payment Fund. To facilitate such deposits and transfers, the Trustee may establish a temporary fund or account in its records.

Section 3.3 Validity of Certificates. The validity of the authorization and delivery of the Certificates is not dependent on and shall not be affected in any way by any proceedings taken by the District or the Trustee with respect to or in connection with the Agreement. The recital contained in the Certificates that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery thereof do exist, have happened and have been performed in due time, form and manner as required by law shall be conclusive evidence of their validity and of compliance with the provisions of law in their delivery.

Section 3.4 Cost of Issuance Fund. There is hereby established with the Trustee the Cost of Issuance Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The moneys in the Cost of Issuance Fund shall be used and withdrawn by the Trustee to pay any Cost of Issuance upon submission of Written Requisitions of the District stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the original execution and delivery of

the Certificates, or upon the earlier Written Request of the District, all amounts remaining in the Cost of Issuance Fund shall be transferred by the Trustee to the Certificate Payment Fund for application in accordance with Section 5.2 and the Trustee shall close the Costs of Issuance Fund.

Section 3.5 Acquisition Fund. There is hereby created with the Trustee the Acquisition Fund which the Trustee shall establish and 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 WIFIA Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the Manager shall cause to be filed with the Trustee a Written Requisition in the form set forth in Exhibit B hereto. Upon receipt of such Written Requisition, the Trustee will pay the amount set forth therein. The Trustee need not make any such payment if the Trustee 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 WIFIA Project shall have been constructed and acquired in accordance with the Agreement, a Statement of the District 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 Trustee by the Manager. Upon the receipt of such statement, the Trustee 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 Trustee by the Manager) to the Revenue Fund.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.1 Terms of Prepayment.

The Certificates are subject to prepayment prior to their stated maturity, as a whole or in part on any date, in the order of maturity as directed by the District in a Written Request of the District provided to the Trustee at least 60 days prior to the prepayment date, and by lot within each maturity, in integral multiples of \$5,000, on or after _____, 202_, at a Prepayment Price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

Section 4.2 Selection of Certificates for Prepayment. Whenever less than all of the Certificates are called for prepayment, the Trustee shall select the Certificates or portions thereof to be prepaid from the Outstanding Certificates in accordance with Section 4.1 hereof. The Trustee shall promptly notify the District in writing of the numbers of the Certificates or portions thereof so selected for prepayment.

Section 4.3 Notice of Prepayment. Notice of prepayment shall be mailed, first class postage prepaid, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books and delivered to the Information Services and the Securities Depositories at least twenty days but not more than sixty days prior to the prepayment date.

Each such notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the prepayment price, shall designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be prepaid, the serial numbers of the Certificates of such maturity to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment and, in the case of Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a Certificate to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such Certificate be then surrendered to the Trustee. Any failure to receive such notice or any defect in the notice or the mailing shall not affect the validity of the prepayment of any Certificate.

Notice of prepayment of Certificates shall be given by the Trustee.

Section 4.4 Partial Prepayment of Certificate. In the event the Certificates are not maintained in book-entry form, upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate, series and maturity.

Section 4.5 Effect of Prepayment. When notice of prepayment has been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment are held by the Trustee, the Certificates (or portions thereof) so called for prepayment shall, on the prepayment date designated in such notice, become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date; and from and after the date so designated interest represented by the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Article shall be canceled upon surrender thereof and destroyed by the Trustee.

ARTICLE V

INSTALLMENT PAYMENTS

Section 5.1 Pledge and Deposit of Installment Payments. The Installment Payments are hereby irrevocably pledged to, and shall be used for, the punctual payment of the Certificates, and the Installment Payments shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the Installment Payments in accordance with the terms hereof.

All Installment Payments to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 5.3) shall be paid directly to the Trustee pursuant

to the terms of the Assignment Agreement, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and the Trustee shall deposit all Installment Payments as and when received in the Certificate Payment Fund. All moneys at any time deposited in the Certificate Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Certificates, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

Section 5.2 Certificate Payment Fund. There is hereby established with the Trustee the Certificate Payment Fund, which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The Trustee shall pay from the Certificate Payment Fund, the interest and principal due and payable on each Interest Payment Date and the Prepayment Price of Certificates when due, as provided in Section 4.1 hereof.

All earnings derived from the investment of funds on deposit in the Certificate Payment Fund shall be retained therein. No later than the day 5 days before an Interest Payment Date or, if such day is not a Business Day, on the next preceding Business Day, the Trustee shall notify the District by email of the amount necessary to be deposited in the Certificate Payment Fund to pay the interest and principal, as the case may be, coming due on the next Interest Payment Date.

Section 5.3 Investment of Moneys in Funds. Any moneys in the Certificate Payment Fund, the Cost of Issuance Fund and the Acquisition Fund shall be invested by the Trustee, upon the Written Request of the District, in Permitted Investments which will mature on or before the dates when such moneys are scheduled to be needed for payment from such fund. Securities acquired as an investment of moneys in a fund shall be credited to such fund, with the exception of earnings from the Acquisition Fund, which shall be applied to the Capitalized Interest Account.

In the absence of written investment direction from the District, the Trustee shall invest moneys held by it solely in Permitted Investments specified in clause (d) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested.

Subject to the further provisions of Section 6.3 hereof, the Trustee may sell or present for prepayment any obligations so purchased at the direction of the District whenever it shall be necessary in order to provide moneys to meet any payments and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee may act as manager, sponsor, principal or agent in the acquisition or disposition of any investment. The Trustee may commingle moneys held in any of the funds or accounts established pursuant to the Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

Such investments (except investment agreements) shall be valued by the Trustee as frequently as deemed necessary by the Trustee, but not less often than on February 1 and August 1 of each year, at the market value thereof, exclusive of accrued interest. Any Permitted Investments that are registrable securities shall be registered in the name of the Trustee.

The District and the Corporation acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District or the Corporation the right to

receive brokerage confirmations of security transactions as they occur, the District and the Corporation will not receive such confirmations to the extent permitted by law. The District and the Corporation further understand that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the District and the Corporation monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. Upon the District's or the Corporation's election, such statements will be delivered to that party via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 5.4 Pledge of Moneys in Funds. All amounts on deposit in the Certificate Payment Fund are hereby irrevocably pledged to the Owners of the Certificates as provided herein. This pledge shall constitute a first and exclusive lien on the Certificate Payment Fund for the benefit of the Owners of the Certificates in accordance with the terms hereof and of the Agreement.

Section 5.5 Rebate Fund.

(a) Establishment. The Trustee shall establish, when needed, a separate fund for the Certificates designated the "Rebate Fund." Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Certificates shall be governed by this Section and the Tax Certificate for the Certificates, unless and to the extent that the District delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected if such requirements are not satisfied.

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

(ii) Annual Transfer. Within 55 days of the end of each Certificate Year, upon the Written Request of the District, an amount shall be deposited to the Rebate Fund by the Trustee from any Revenues legally available for such purpose (as specified by the District in the aforesaid Written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (a). In the event that immediately

following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the District, the Trustee shall withdraw the excess from the Rebate Fund and then transfer the excess to the District for deposit to the Revenue Fund.

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

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

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

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code. The Trustee shall be deemed to have complied with the provisions of this Section if it follows the Written Request of the District and shall have no other obligations hereunder with respect to the activities provided for herein. The Trustee may conclusively rely upon such Written Request of the District and any determinations and calculations contained therein and shall have no liability or responsibility to enforce compliance by the District.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after prepayment and payment of the Certificates and the payments described in Subsection (a) above being made may be withdrawn by the District and utilized in any manner by the District.

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

Section 5.6 Capitalized Interest Account. There is hereby established within the Certificate Payment Fund the Capitalized Interest Account, which the Trustee shall establish and maintain and hold in trust separate and apart from the other funds and accounts held by it. The Trustee shall transfer the following amounts, if available, from the Capitalized Interest Account to the Certificate Payment Fund on the dates set forth below. All amounts remaining in the Capitalized Interest Account after August 15, 20__ shall be transferred to the Certificate Payment Fund.

Certificate Payment Fund Transfers

Date	Amount
	\$

ARTICLE VI

COVENANTS

Section 6.1 Corporation and District to Comply with Installment Purchase Agreement. Each of the Corporation and District covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Agreement and, together with any assignee thereof, to enforce such Agreement against the other party thereto in accordance with its terms.

The Corporation and the District each will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Agreement to be kept, performed and complied with by it.

The Corporation and the District each agrees not to do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Agreement.

Section 6.2 District Budgets. On or prior to the forty-fifth day of each Fiscal Year, commencing in Fiscal Year 2022-23, the District shall certify in writing to the Trustee that the amounts budgeted for payment of Installment Payments are fully adequate for the payment of all Installment Payments due under the Agreement for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of Installment Payments due under the Agreement, the District will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District in the then ensuing Fiscal Year for the payment of Installment Payments due under the Agreement and will notify the Trustee of the proceedings then taken or proposed to be taken by the District.

Section 6.3 Tax Covenants. Notwithstanding any other provision of the Trust Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Certificates will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

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

- (b) Arbitrage. The District will make no use of the proceeds of the Certificates or of any other amounts or property, regardless of the source, and will not take or omit to take any action which would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code.
- (c) Federal Guarantee. The District will make no use of the proceeds of the Certificates and will not take or omit to take any action that would cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.
- (d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.
- (e) Hedge Bonds. The District will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Certificates to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest with respect to the Certificates for federal income tax purposes.
- (f) Miscellaneous. The District will take no action and will not omit from taking any action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District from delivering, Certificates the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 6.4 Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocation and application of the Installment Payments, and such books shall be available for inspection by the District and by any Owner of Certificates, or his or her agent or representative, at reasonable hours and under reasonable conditions. The Trustee shall furnish statements to the District and the Corporation in accordance with Section 5.3 hereof. The Trustee shall maintain such records in accordance with its record retention policy then in effect.

Section 6.5 Compliance with Trust Agreement. The Trustee will not execute, or permit to be executed, any Certificates in any manner other than in accordance with the provisions of the Trust Agreement, and the District will not suffer or permit any default by it to occur under the Trust Agreement, but will faithfully observe and perform all the covenants, conditions and requirements hereof.

Section 6.6 Observance of Laws and Regulations. To the extent necessary to assure its performance hereunder, the Corporation and the District will each well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Corporation or the District respectively, including its right to exist and carry on its business, to the end that such contracts, rights

and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.7 Compliance with Contracts. The District shall comply with the terms, covenants and provisions, express or implied, of all contracts to which the District is a party for the use of the WIFIA Project by the District, and all other contracts and agreements affecting or involving the WIFIA Project to the extent that the District is a party thereto.

Section 6.8 Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the WIFIA Project or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify and save the Trustee, the Corporation and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding. Notwithstanding the foregoing, the District shall not be required to take action under this Section 6.8 with respect to any portion of the WIFIA Project owned by a retail water provider.

The District shall defend against every suit, action or proceeding at any time brought against the Trustee, the Corporation or any Certificate Owner upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Trustee, the Corporation or any Certificate Owner under the Trust Agreement; provided that the Trustee, the Corporation or any Certificate Owner at such party's election may appear in and defend any such suit, action or proceeding. To the extent permitted by law, the District shall indemnify and hold harmless the Trustee, the Corporation and the Certificate Owners against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement or involving the rights of the Trustee, the Corporation or any Certificate Owner under the Agreement, and shall indemnify and hold harmless the Certificate Owners against any attorneys fees or other expenses which any of them may incur in connection with any litigation to which any of them may become a party by reason of ownership of Certificates. The District shall promptly reimburse the Corporation, the Trustee or any Certificate Owner in the full amount of any attorneys fees or other expenses which it or such Owner may incur in litigation or otherwise in order to enforce such party's rights under the Trust Agreement or the Certificates, provided that such litigation shall be concluded favorably to such party's contentions therein.

Section 6.9 Eminent Domain. If all or any part of the WIFIA Project owned by the District or other facilities of the District shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the proceeds therefrom shall be applied in the manner specified in Section 7.1 of the Agreement.

Section 6.10 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner of Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District 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

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

Section 6.11 Further Assurances. Whenever and so often as requested so to do by the Trustee or any Certificate Owner, the Corporation and the District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Certificate Owners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Trust Agreement.

ARTICLE VII

DEFAULT AND LIMITATION OF LIABILITY

Section 7.1 Notice of Non-Payment. In the event of delinquency in the payment of any Installment Payments due by the District pursuant to the Agreement, the Trustee shall, after one (1) Business Day following the date upon which such delinquent Installment Payment was due, immediately give such notice to the District and the Corporation.

Section 7.2 Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee shall, at the direction of the Owners of not less than a majority in aggregate principal amount of Certificates at the time Outstanding, and upon notice in writing to the District, accelerate the unpaid Installment Payments under the Agreement and exercise the remedies provided to the Corporation in the Agreement.

Upon declaration of the entire principal amount of the then-unpaid Installment Payments and the accrued interest thereon to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Agreement, the Trustee may apply all moneys received as Installment Payments and all moneys held in any fund or account hereunder to the payment of the entire principal amount of the Certificates and the accrued interest with respect thereto, with interest on the overdue Certificates at the rate or rates of interest applicable to the Certificates if paid in accordance with their terms.

The Trustee shall not be required to take action as set forth in this Section except upon receipt of written indemnity satisfactory to the Trustee. The Trustee may apply all moneys received as set forth in this Section, after payment of all unpaid fees and expenses of the Trustee, including, without limitation, those of its attorneys and advisors.

Section 7.3 Other Remedies of the Trustee. The Trustee 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 District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform or carry out its or such person's duties under law and the agreements and covenants required to be performed by it or such person contained herein;

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

(c) by suit in equity upon the happening of any default hereunder to require the District and its directors, officers and employees to account as the trustee of an express trust.

Section 7.4 Non Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any duty or contract. No delay or omission by the Trustee 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 Trustee by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 7.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Certificate Owners 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 any law.

Section 7.6 No Obligation by the District to Owners. Except for the payment of Installment Payments when due in accordance with the Agreement and the performance of the other covenants and agreements of the District contained in said Agreement and herein, the District shall have no obligation or liability to the Owners of the Certificates with respect to the Trust Agreement or the execution, delivery or transfer of the Certificates, or the disbursement of Installment Payments to the Owners by the Trustee; provided, however that nothing contained in this Section shall affect the rights, duties or obligations of the Trustee expressly set forth herein.

Section 7.7 Trustee Appointed Agent for Certificateowners; Direction of Proceedings. The Trustee is hereby appointed the agent and attorney of the Owners of all Certificates outstanding hereunder for the purpose of filing any claims relating to the Certificates. The Owners of a majority in aggregate principal amount of the Certificates Outstanding hereunder shall, upon tender to the Trustee of reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such direction, have the right to direct the method and place of conducting all remedial proceedings by the Trustee, provided such direction shall be in accordance with law and the provisions of this Trust Agreement and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Certificateowners not parties to such a direction.

Section 7.8 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then outstanding pursuant to Section 7.7 hereof, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise

dispose of, any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificates Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 7.9 Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender or indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or her or their action to enforce any right under the Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of the principal of (and premium, if any) and interest with respect to such Certificate out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Certificate, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or Section 7.10 or any other provision of the Trust Agreement.

Section 7.10 No Obligation with Respect to Performance by Trustee. Neither the District nor the Corporation shall have any obligation or liability to any of the other parties hereto or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Section 7.11 No Liability to Owners for Payment. The Corporation shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Agreement or herein. Except as provided in the Trust Agreement, the Trustee shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Agreement or herein.

Section 7.12 No Responsibility for Sufficiency; Investment Losses. The Trustee shall not be responsible for the sufficiency of this Trust Agreement, the Agreement, or of the assignment made to it by the Assignment Agreement of rights to receive Installment Payments pursuant to the Agreement, or the value of or title to the WIFIA Project. The Trustee shall not be responsible or liable for any loss

suffered in connection with any investment of funds made by it under the terms of and in accordance with the Trust Agreement.

Section 7.13 Indemnification of Trustee. To the extent permitted by law, the District shall indemnify the Trustee and hold it harmless against any loss, liability, expenses or advances, including but not limited to fees and expenses of counsel and other experts, incurred or made without negligence or willful misconduct on the part of the Trustee, (i) arising out of or in connection with the acceptance or administration of this trust or in the exercise and performance of any of the powers and duties hereunder or under the Agreement by the Trustee, (ii) relating to or arising out of the WIFIA Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the WIFIA Project or any part thereof, or (iii) arising out of or relating to any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Certificates, including the costs and expenses of defending itself against any claim of liability arising under the Trust Agreement. Such indemnity shall survive payment of the Certificates or resignation or removal of the Trustee.

ARTICLE VIII

THE TRUSTEE

Section 8.1 Employment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the District hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to the Agreement for credit to the various funds and accounts established by the Trust Agreement; to execute, deliver and transfer the Certificates; and to apply and disburse the Installment Payments received from the District to the Owners of Certificates; and to perform certain other functions; all as herein provided and subject to the terms and conditions of the Trust Agreement.

Section 8.2 Acceptance of Employment. In consideration of the compensation herein provided for, the Trustee accepts the employment above referred to subject to the terms and conditions of the Trust Agreement.

Section 8.3 Trustee, Duties, Removal and Resignation. By executing and delivering the Trust Agreement, the Trustee accepts the duties and obligations of the Trustee provided in the Trust Agreement, but only upon the terms and conditions set forth in the Trust Agreement.

(a) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his or her own affairs.

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority (or other percentage provided

herein) in principal amount of the Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request or direction of any of the Owners pursuant to the Trust Agreement, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The District, or, if the District is in default under the Agreement, the Owners of a majority in aggregate principal amount of all Certificates Outstanding, may by written request to the Trustee, remove the Trustee and any successor thereto, and may appoint a successor Trustee, but any such successor shall be a bank or trust company doing business and having a Corporate Trust Office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the District and by giving to the Certificate Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the District does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may at the expense of the District petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Section 8.4 Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor trustee shall be eligible under the provisions of Section 8.3.

Section 8.5 Compensation of the Trustee. The District shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the District; provided, however, that the Trustee shall not otherwise have any claims, except in accordance with Sections 7.2, 7.3 and 7.13 hereof, or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the District. The agreement contained in this Section shall survive the

payment of the Certificates, the discharge of the Trust Agreement and the appointment of a successor trustee or the removal, resignation or reorganization of the Trustee.

Section 8.6 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting, refraining from acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the Corporation or the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith in accordance therewith.

Whenever in the administration of the Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, omitting or suffering any action hereunder, the Trustee may (unless other evidence in respect thereof be herein specifically prescribed) rely on a certificate of the Corporation or the District and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but the Trustee may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Certificates provided pursuant to the Trust Agreement, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Trust Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District or the Corporation, and may act as depository, trustee, or agent for any committee or body of Owners of Certificates or of obligations of the Corporation or the District as freely as if it were not Trustee hereunder.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys, agents, affiliates or receivers, and the Trustee shall not be responsible for the negligence or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements and representations by the District or the Corporation contained in the Trust Agreement or in the Certificates shall be taken and construed as made by and on the part of the District or Corporation and not by the Trustee and the Trustee does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

Except during the continuance of an Event of Default the Trustee undertakes to perform such duties, and only such duties as are specifically set forth in the Trust Agreement and no implied duties or obligations shall be read into the Trust Agreement against the Trustee.

No provision in the Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights or powers.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or the Corporation having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District or the Corporation of the WIFIA Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Agreement or the Trust Agreement for the existence, furnishing or use of the WIFIA Project.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Agreement unless and until a Responsible Officer of the Trustee shall have actual knowledge thereof or have received notice thereof at its Corporate Trust Office at the address set forth in Section 11.11 hereof.

The Trustee shall not be accountable for the use or application by the District, or the Corporation or any other party of any funds which the Trustee has released in accordance with the terms of the Trust Agreement.

The Trustee is entitled to rely upon any investment direction provided to it by the District hereunder as a determination that such investment is a Permitted Investment.

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

The Trustee is authorized and directed to execute in its capacity as Trustee the Assignment Agreement.

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

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

ARTICLE IX

AMENDMENT OF TRUST AGREEMENT

Section 9.1 Amendments Permitted.

(a) The Trust Agreement and the rights and obligations of the Corporation, the District, the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 11.4 hereof, shall have been filed with the Trustee, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of the Trust Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its respective written consent thereto.

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

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

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

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

No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without its written consent thereto.

Section 9.2 Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificate and presentation of such Owner's Certificate for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificates such new Certificates shall be exchanged at the Corporate Trust Office of the Trustee

without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

Section 9.3 Amendment of Particular Certificates. The provisions of this article shall not prevent any Owner from accepting any amendments to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

In connection with any amendment of the Trust Agreement, the Trustee may conclusively rely on an opinion of counsel that the requirements of this Article IX have been met.

Section 9.4 Notice to Rating Agencies. Any rating agency rating the Certificates shall receive notice of each amendment to the Trust Agreement from the District and a copy thereof at least 15 days in advance of its execution.

ARTICLE X

DEFEASANCE

Section 10.1 Discharge of Trust Agreement. When the obligations of the District under the Agreement shall cease pursuant to Article IX of the Agreement (except for the right of the Trustee and the obligation of the District to have the money and Permitted Investments mentioned therein applied to the payment of Installment Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.5), then and in that case the obligations created by the Trust Agreement shall thereupon cease, terminate and become void except for the obligation of the District to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein which shall continue until such moneys are so applied and the right of the Owners to have applied and the obligation of the Trustee to apply such Defeasance Securities to the payment of the Certificates as herein set forth, and, subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.5, the Trustee shall turn over to the District, after provision for payment of amounts due the Trustee hereunder, as an overpayment of Installment Payments, any surplus in the Certificate Payment Fund and all balances remaining in any other funds or accounts other than Defeasance Securities held for the payment of the Certificates at maturity or on prepayment, which Defeasance Securities shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal and interest and premium, if any, represented by the Certificates, and after such payment, the Trust Agreement shall become void.

If Defeasance Securities, together with an Opinion of Counsel selected by the District to the effect that the Certificates have been discharged in accordance with this Section, are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within thirty (30) days after such Defeasance Securities shall have been deposited with it, mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.8, setting forth (a) the date fixed for prepayment of the Certificates, (b) a description of the Defeasance Securities, and (c) that the Trust Agreement has been released in accordance with the provisions of this Section.

Section 10.2 Deposit of Money or Securities with Trustee. Whenever in this Section or Section 9.1 of the Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or prepay any Certificates, the money or securities

to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Trust Agreement and shall be only Defeasance Securities.

Section 10.3 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest or principal or Prepayment Price represented by any of the Certificates which remain unclaimed for two (2) years after the later of (a) the date when such interest or principal or Prepayment Price shall have become payable, or (b) the date of deposit of such moneys if deposited with the Trustee after the date when the interest or principal or Prepayment Price represented by such Certificates shall have become payable, shall be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest and principal or Prepayment Price represented by such Certificates; provided, however, that before being required to make any such payment to the District, the Trustee shall, at the written request and expense of the District, first mail a notice to the Owners of the Certificates so payable that such moneys remain unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the District.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Benefits of Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Trustee, the Corporation and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the District shall be for the sole and exclusive benefit of the Trustee, the Corporation and the Owners.

Section 11.2 Successor Deemed Included in all References to Predecessor. Whenever the District, the Corporation or the Trustee or any officer thereof 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 District, the Corporation or the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the District, the Corporation or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.3 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such person's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Certificates and the amount, payment date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.8.

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

Section 11.4 Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or the District (but excluding Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided for in the Trust Agreement, and shall not be entitled to consent to or take any other action provided for in the Trust Agreement. For the purpose hereof no bank organized under the laws of the State and no national banking association doing business in said State, or elsewhere, shall be deemed to be an agency of the Corporation or of the District.

The Trustee may adopt appropriate regulations to require each Owner of Certificates, before his or her consent provided for in the Trust Agreement shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this Section.

Section 11.5 Waiver of Personal Liability. No director, officer or employee of the District or the Corporation shall be individually or personally liable for the payment of the interest or principal or the prepayment premiums, if any, represented by the Certificates, but nothing contained herein shall relieve any director, officer or employee of the District or Corporation from the performance of any official duty provided by any applicable provisions of law or by the Agreement or hereby.

Section 11.6 Destruction of Certificates. Whenever in the Trust Agreement provision is made for the cancellation by the Trustee of any Certificates, the Trustee shall destroy such Certificates and deliver a certificate of such destruction to the District.

Section 11.7 Headings. Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of the Trust Agreement or affect its meaning, construction or effect.

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

Section 11.8 Funds and Accounts. Any fund required by the Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with corporate trust industry standards and with due regard for the protection of the security of the Certificates and the rights of every Owner thereof.

The Trustee may establish such additional funds or accounts as it may deem necessary or desirable in the administration of its duties under the Agreement upon written notice to the District.

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

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

OCWD PUBLIC FACILITIES CORPORATION

By: _____
President

By: _____
Secretary

ORANGE COUNTY WATER DISTRICT

By: _____
President

By: _____
General Manager

APPROVED AS TO FORM:

General Counsel

[FORM OF CERTIFICATE OF PARTICIPATION]

No. R-__ \$_____

REVENUE CERTIFICATE OF PARTICIPATION, SERIES 2021A

Evidencing an Interest of the Owner Hereof
in Installment Payments to be Made by
ORANGE COUNTY WATER DISTRICT

<i>INTEREST RATE</i>	<i>CERTIFICATE PAYMENT DATE</i>	<i>DATED DATE</i>	<i>CUSIP</i>
_____%	August 15, ____	_____, 2021	684421__

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Revenue Certificate of Participation, Series 2021A (herein called the "Certificate") is the owner of an undivided interest in the right to receive a portion of certain Installment Payments (as that term is defined in the Trust Agreement hereinafter mentioned) (the "Installment Payments") under that certain Installment Purchase Agreement, dated as of October 1, 2021 (the "Agreement"), by and between OCWD Public Facilities Corporation (the "Corporation") and the Orange County Water District (the "District"), the Installment Payments to be made thereunder having been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a Corporate Trust Office in Los Angeles, California. The Trustee has executed and delivered \$[100,000,000] aggregate principal amount of Revenue Certificates of Participation, Series 2021A (the "Certificates").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Agreement and the Trust Agreement, on the Certificate Payment Date (specified above) the Principal Amount (specified above) representing a portion of the Installment Payments designated as principal coming due on the Certificate Payment Date, and to receive an interest component on such principal component at the interest rate per annum specified above, from the Interest Payment Date (as hereinafter defined) preceding the date of execution hereof by the Trustee, unless such date of execution is after a Record Date (as hereinafter defined) and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date, or unless such date of execution is on or before the first Record Date, in which case interest shall be payable from the Dated Date; provided, however, that if, as shown by the records of the Trustee, interest represented by this Certificate shall be in default, Certificates executed in exchange for this Certificate surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to this Certificate, or, if no interest has been paid or duly provided

for with respect to this Certificate, from the Dated Date. Interest with respect to this Certificate shall be paid February 15 and August 15 of each year, commencing February 15, 2022 (each, an “Interest Payment Date”), to and including the Certificate Payment Date set forth above or the date of prior prepayment hereof. The principal of and premium, if any, are payable in any currency of the United States of America which on the respective dates for payment thereof is legal tender for the payment of public and private debts. The principal of this Certificate at maturity will be paid upon presentation and surrender at the principal Corporate Trust Office of the Trustee. The principal of, premium, if any, and interest with respect hereto (other than at maturity) is payable by check sent by first class mail to the Registered Owner hereof on the first day of the calendar month in which an Interest Payment Date occurs, whether or not such day is a Business Day (the “Record Date”); or, upon the request of a registered owner of \$1,000,000 or more in aggregate principal amount of Certificates received by the Trustee prior to the preceding Record Date, by wire transfer in immediately available funds to a designated account in any bank in the United States, except in each case, that interest with respect to any Certificate which is payable but has not been punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the registered owner on the relevant Record Date by virtue of having been such registered owner and such interest shall be payable to the person in whose name such Certificate is registered at the close of business on a special record date fixed therefor by the Trustee, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of such interest.

This Certificate has been executed by the Trustee pursuant to the terms of a Trust Agreement, dated as of October 1, 2021, by and among the Trustee, the Corporation and the District (the “Trust Agreement”). Copies of the Trust Agreement and the Agreement are on file at the Corporate Trust Office of the Trustee, and reference is made to the Trust Agreement and the Agreement and any and all amendments thereto for a description of the pledges and covenants securing the Certificates, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Certificates with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder.

The Certificates are payable from Installment Payments and other moneys on deposit in the funds and accounts created under the Trust Agreement. All Revenues and all amounts on deposit in the Revenue Fund (as such terms are defined in the Agreement) are irrevocably pledged to the payment of the Installment Payments and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Agreement. This pledge, together with the pledge created with respect to certain Bond and Contracts shall constitute a first lien on Revenues, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted in the Agreement, the Revenue Fund for the payment of the Installment Payments and all other Contracts and Bonds (as such terms are defined in the Agreement) in accordance with the terms of the Agreement. The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues (as such term is defined in the Agreement), the Revenue Fund and other funds described in the Agreement and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The District has covenanted not to issue evidences of indebtedness or incur other obligations which are payable from and secured by a pledge of and lien on Revenues senior to the pledge of and lien on Revenues of the Installment Payments. The District may at any time execute any Contract the installment payments under which, or issue any Bonds the payments of which, as the case may be, are

on a parity with the Installment Payments and which are secured by a pledge of or lien on the Revenues, in accordance with the Agreement.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby becoming payable in more than one year. Subject to the limitations and conditions and upon payment of the taxes or charges, if any, as provided in the Trust Agreement, Certificates may be exchanged for a like aggregate principal amount of Certificates of the same Certificate Payment Date, series and interest rate of other authorized denominations at the Corporate Trust Office of the Trustee.

This Certificate is transferable by the Registered Owner hereof, in person or by such person's duly authorized attorney, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the taxes or charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Upon such transfer a new Certificate or Certificates, of the same Certificate Payment Date, and of authorized denomination or denominations, for a like aggregate principal amount, series and interest rate will be delivered to the transferee in exchange herefor. The Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

The Trustee shall not be required to register the transfer or exchange of any Certificate (i) within 15 days preceding selection of Certificates for prepayment or (ii) selected for prepayment.

The Certificates are subject to prepayment prior to their stated maturity, as a whole or in part on any date, in the order of maturity as directed by the District in a Written Request of the District provided to the Trustee at least 60 days prior to the prepayment date, and by lot within each maturity, in integral multiples of \$5,000, on or after _____, 202_, at a Prepayment Price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, notice of prepayment hereof shall be mailed, first class postage prepaid, at least twenty days but not more than sixty days prior to the prepayment date, to the Registered Owner of this Certificate. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment. Any failure to receive such notice or defect in the notice or the mailing will not affect the validity of the prepayment of this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the Trust Agreement and the rights and obligations of the Corporation, the District, the registered owners of the Certificates and of the Trustee may be modified or amended at any time by amendment thereto which shall become binding with the written consents of the registered owners of a majority in aggregate principal amount of the Certificates then outstanding, provided, however, that no such modification or amendment shall:

- (1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the registered owner of each Certificate so affected,

(2) reduce the percentage of registered owners of Certificates whose consent is required for the execution of any amendment or modification of the Trust Agreement, or

(3) modify any of the rights or obligations of the Trustee or the Corporation without its respective written consent thereto.

To the extent and in the manner permitted by the terms of the Trust Agreement, the Trust Agreement and the rights and obligations of the Corporation, the District and of the registered owners of the Certificates may also be modified or amended at any time, by an amendment thereto which shall become binding upon adoption, and without the written consent of the registered owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the District contained in the Trust Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Trust Agreement reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the registered owners of the Certificates;

(2) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the registered owners of the Certificates; and

(3) to make such other amendments or modifications as may be in the best interests of the registered owners of the Certificates.

No amendment without registered owner consent may modify any of the rights or obligations of the Trustee without its written consent thereto.

To the extent and in the manner permitted by the terms of the Agreement, the Agreement may be amended under certain circumstances, all in accordance with the provisions thereof.

The Trust Agreement contains provisions permitting the District to make provision for the payment of the interest, principal and premium, if any, evidenced and represented by the Certificates so that such Certificates shall no longer be deemed to be outstanding under the terms of the Trust Agreement.

The Trustee has no obligation or liability to the registered owners for the payment of interest, principal or prepayment premium, if any, with respect to the Certificates out of the Trustee's own funds; the Trustee's sole obligations are those described in the Trust Agreement. The recitals of facts in the Trust Agreement shall be taken as statements of the District and the Corporation and the Trustee does not have any responsibility for the accuracy thereof.

The District has certified that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

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

Execution Date: _____, 2021

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Certificate register of the Trustee with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed:

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

**[FORM OF REQUISITION FOR
DISBURSEMENT FROM ACQUISITION FUND]**

ORANGE COUNTY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2021

REQUISITION NO. __ FOR DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting General Manager of the Orange County Water District, a political subdivision organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.5 of that certain Trust Agreement, dated as of October 1, 2021 (the "Trust Agreement"), by and among U.S. Bank National Association, as trustee (the "Trustee"), the OCWD District Public Facilities Corporation and the District, the undersigned hereby requests the Trustee to disburse from the Acquisition Fund established under the Trust Agreement, to the payees designated on the attached Exhibit 1 the amounts set forth on Exhibit 1, and the Trustee shall make all disbursements by check or wire transfer in accordance with the payment instructions set forth on Exhibit 1 and the Trustee shall have no duty to verify or authenticate such payment instructions or the authority under which they are provided;

(iii) that each obligation mentioned herein has been incurred by the District 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 A has been received and is final;

(v) that there has not been filed with or served upon the District 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.

ORANGE COUNTY WATER DISTRICT

General Manager

EXHIBIT 1

ACQUISITION FUND DISBURSEMENTS

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

ASSIGNMENT AGREEMENT

by and between

OCWD PUBLIC FACILITIES CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of October 1, 2021

relating to

[\$100,000,000]
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2021A

ASSIGNMENT AGREEMENT

This Assignment Agreement is dated as of October 1, 2021, by and between the OCWD PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee");

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

SECTION 1. Assignment.

The Corporation, for good and valuable consideration in hand received, does hereby unconditionally sell, assign and transfer to the Trustee without recourse, for the benefit of the owners of the Orange County Water District Revenue Certificates of Participation, Series 2021A (the "Certificates") to be executed and delivered by the Trustee pursuant to the Trust Agreement dated as of October 1, 2021 by and among the Orange County Water District (the "District"), the Corporation and the Trustee (the "Trust Agreement"), all of its rights, title, and interest (but none of its duties and obligations except as set forth herein) in the Installment Purchase Agreement, dated as of October 1, 2021, by and between the District and the Corporation (the "Installment Purchase Agreement") including the right to receive all Series 2021 Installment Payments (as defined in the Installment Purchase Agreement) from the District under the Installment Purchase Agreement (but not including the right to be indemnified pursuant to the Installment Purchase Agreement and the right of the Corporation to receive notices thereunder), together with any and all of the other rights of the Corporation under the Installment Purchase Agreement as may be necessary to enforce payment of such Series 2021 Installment Payments when due or otherwise to protect the interests of the owners of the Certificates. This assignment is absolute and is presently effective.

SECTION 2. Acceptance.

The Trustee hereby accepts the foregoing assignment for the benefit of the owners of the Certificates, subject to the terms and provisions of the Trust Agreement, and all Series 2021 Installment Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

SECTION 3. Conditions.

This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 4. 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 Trustee or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Trustee and the Corporation hereby declare that they would have executed this Assignment 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 5. California Law.

THE ASSIGNMENT AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 6. Execution in Counterparts.

This Assignment 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.

[Remainder of Page Intentionally Left Blank]

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

OCWD PUBLIC FACILITIES CORPORATION

By: _____
President

By: _____
Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer