

**CALL AND NOTICE OF REGULAR
MEETING OF THE BOARD OF
DIRECTORS OF THE
CALLEGUAS – LAS VIRGENES PUBLIC FINANCING
AUTHORITY**

February 7, 2024

A Regular Meeting of the Board of Directors of the Calleguas – Las Virgenes Public Financing Authority is hereby called and notice of said Regular Meeting is hereby given for 4:30 p.m., on February 7, 2024 at Calleguas Municipal Water District, 2100 E Olsen Rd., Thousand Oaks, California 91360 to consider the following:

**CALLEGUAS – LAS VIRGENES PUBLIC FINANCING
AUTHORITY BOARD OF DIRECTORS MEETING
AGENDA**

- A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL (4:30 p.m.)

BOARD OF DIRECTORS

Raul Avila, Chair
Andy Coradeschi, Vice Chair
Jacquelyn McMillan, Treasurer
Gary Burns, Secretary
Charles Caspary
Jay Lewitt
Leonard E. Polan
Scott H. Quady
Thibault Robert
Andy Waters

- B. ORAL COMMUNICATION

MEMBERS OF THE PUBLIC MAY ADDRESS THE BOARD ON ITEMS THAT DO NOT APPEAR ON THE AGENDA AND ON ITEMS WITHIN THE JURISDICTION OF THE BOARD. NO ACTION SHALL BE TAKEN ON ANY ITEM NOT APPEARING ON THE AGENDA UNLESS AUTHORIZED BY SUBDIVISION (B) OF GOVERNMENT CODE SECTION 54954.2. THE PRESIDENT OF THE BOARD MAY LIMIT THE TIME AVAILABLE FOR EACH SUBJECT AND EACH SPEAKER.

To join via teleconference, please use the following Webinar ID:

<https://us06web.zoom.us/j/88282790312?pwd=0s0OHUSdonhZWT1jxBu7WbbnyPhTGA.jdehvSVTej5Rn5rK>

To join by telephone, please dial (720) 707-2699 or (669) 444-9171 and enter Webinar

Meeting ID: 882 8279 0312

Passcode: 794531

Please limit remarks to three minutes

C. REGULAR BUSINESS

1. Minutes: July 12, 2023

Action: *It is recommended that the Authority approve the meeting minutes of July 12, 2023 as presented.*

2. *Adoption of Resolution No. 20, Authorizing the execution of a revolving credit agreement, a fee agreement, a subordinate installment purchase contract and related documents, and providing for other matters properly relating thereto*

Action: *It is recommended that the Board of Directors adopt Resolution No. 20*

D. OTHER BUSINESS

E. ADJOURNMENT

PURSUANT TO SECTION 202 OF THE AMERICANS WITH DISABILITIES ACT OF 1990 (42 U.S.C. SEC. 12132), AND APPLICABLE FEDERAL RULES AND REGULATIONS REQUESTS FOR DISABILITY-RELATED MODIFICATION OR ACCOMMODATION, INCLUDING AUXILIARY AIDS OR SERVICES, IN ORDER TO ATTEND OR PARTICIPATE IN A MEETING, SHOULD BE MADE TO THE SECRETARY OF THE BOARD IN ADVANCE OF THE MEETING TO ENSURE THE AVAILABILITY OF THE REQUESTED SERVICE OR ACCOMMODATION. NOTICES, AGENDAS AND PUBLIC DOCUMENTS RELATED TO THE BOARD MEETINGS CAN BE MADE AVAILABLE IN APPROPRIATE ALTERNATIVE FORMAT UPON REQUEST

**CALLEGUAS – LAS VIRGENES PUBLIC FINANCING AUTHORITY
MINUTES – July 12, 2023**

The Regular meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority (Authority) was held at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, CA 91302, on Wednesday, July 12, 2023, at 4:30 p.m.

A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL

Acting Chair Avila called the meeting to order at 4:43 p.m.

Scott Quady, Director with Calleguas Municipal Water District, led the Pledge of Allegiance.

Josie Guzman, Clerk of the Board to Las Virgenes, called roll.

Board Members Present: Raul Avila, Acting Chair
Gary Burns
Andy Coradeschi
Jay Lewitt
Jacquelyn McMillan
Leonard E. Polan
Scott Quady, Treasurer

Board Members Absent: Charles Caspary
Thibault Robert
Andy Waters

Legal Counsel Present: Walter E. Wendelstein, Wendelstein Law Group PC, General Counsel to Calleguas and to the Authority
Wayne Lemieux, Alesire & Wynder LLP, General Counsel to Las Virgenes

Staff Present: Anthony Goff, General Manager, Calleguas
Josie Guzman, Clerk of the Board, Las Virgenes
Craig Jones, Resource Conservation Manager, Las Virgenes
Kristine McCaffrey, Deputy General Manager, Calleguas
Joe McDermott, Director of Engineering and External Affairs, Las Virgenes
Donald Patterson, Director of Finance, Las Virgenes
David W. Pedersen, General Manager, Las Virgenes

Wes Richardson, Manager of Information Technology, Calleguas
Brian Richie, Finance Manager, Las Virgenes
Oliver Slosser, Engineering Program Manager, Las Virgenes
Dan Smith, Manager of Finance, Calleguas
Kara Wade, Clerk of the Board, Calleguas
John Zhao, Director of Facilities and Operations, Las Virgenes

B. ORAL COMMUNICATION

None.

C. REGULAR BUSINESS

1. Minutes: June 1, 2022

Acting Chair Avila noted the following corrections to the Minutes of June 1, 2022: Former Board Member Andres Santamaria was incorrectly listed as the Chair, and Keith Lemieux from Olivarez Madruga Lemieux O'Neill, General Counsel to Las Virgenes, was incorrectly listed as Board Member.

On a motion by Director Coradeschi, seconded by Director Polan, the Board of Directors voted 7-0 to approve the minutes of June 1, 2022 as amended with the corrections noted. Motion carried by the following roll call vote:

AYES: Directors Avila, Burns, Coradeschi, Lewitt, McMillian, Polan, Quady

NOES: None

ABSTAIN: None

ABSENT: Directors Caspary, Robert, Waters

2. Report on Status of Funds

Dan Smith, Calleguas' Manager of Finance, presented Calleguas' annual status report on bond financing and the ratio of net operating income to debt service expense. He reported that with the current budget cycle which ended on June 30, 2023, debt service coverage would be closer to 1.75. He also reported that Calleguas' long-term rating was raised by Standard and Poor's from AA to AA+ with a stable outlook.

On a motion by Director Quady, seconded by Director McMillian, the Board of Directors voted 7-0 to receive and file Calleguas' annual status report on bond financing. Motion carried by the following roll call vote:

AYES: Directors Avila, Burns, Coradeschi, Lewitt, McMillian, Polan, Quady

NOES: None

ABSTAIN: None

ABSENT: Directors Caspary, Robert, Waters

3. Election of Officers and Appointment of Legal Counsel

The Board of Directors agreed to vote on the Election of Officers as a slate.

Director Quady moved to elect Raul Avila as Chair of the Authority. Motion seconded by Director Lewitt.

Director Lewitt moved to elect Andy Coradeschi as Vice Chair of the Authority. Motion seconded by Director Burns.

Director McMillian moved to elect Jacquelyn McMillan as Treasurer of the Authority. Motion seconded by Director Polan.

Director Burns moved to elect Gary Burns as Secretary of the Authority. Motion seconded by Director Coradeschi.

The Board of Directors voted 7-0 to elect Raul Avila as Chair, Andy Coradeschi as Vice Chair, Jacquelyn McMillan as Treasurer, and Gary Burns as Secretary of the Authority. Motion carried by the following roll call vote:

AYES: Directors Avila, Burns, Coradeschi, Lewitt, McMillian, Polan, Quady

NOES: None

ABSTAIN: None

ABSENT: Directors Caspary, Robert, Waters

Las Virgenes General Manager David Pedersen recommended that the Board of Directors alternate the appointment of Legal Counsel of the Authority.

On a motion by Director Quady, seconded by Director Polan, the Board of Directors voted 7-0 to appoint Aleshire & Wynder, LLP as Legal Counsel of the Authority. Motion carried by the following roll call vote:

AYES: Directors Avila, Burns, Coradeschi, Lewitt, McMillian, Polan, Quady
NOES: None
ABSTAIN: None
ABSENT: Directors Caspary, Robert, Waters

D. OTHER BUSINESS

None

E. ADJOURNMENT

Chair Avila declared the meeting adjourned at 4:52 p.m.

Gary Burns, Secretary

SCOTT H. QUADY, PRESIDENT
DIVISION 2

ANDY WATERS, VICE PRESIDENT
DIVISION 3

RAUL AVILA, SECRETARY
DIVISION 1

JACQUELYN MCMILLAN, TREASURER
DIVISION 5

THIBAUT ROBERT, DIRECTOR
DIVISION 4

KRISTINE MCCAFFREY
GENERAL MANAGER



web site: www.calleguas.com

Date: February 7, 2024

To: Board of Directors, Calleguas-Las Virgenes Public Financing Authority

From: Dan Smith, Manager of Finance
Calleguas Municipal Water District

Subject: Adoption of Resolution No. 20, Authorizing the execution of a revolving credit agreement, a fee agreement, a subordinate installment purchase contract and related documents, and providing for other matters properly relating thereto

The Calleguas Municipal Water District has started to increase spending on capital improvements to enhance and improve infrastructure throughout the District. The District has recently requested bids to expand the maintenance crew building, along with other improvements at its Lake Bard Water Filtration Plant site, at an estimated cost of \$24.7 million. The District is also nearing completion of design on other large infrastructure projects that are anticipated to be bid for construction in the next year or two. Based on these large anticipated cash needs in the near future, the District has determined that it is in its best interest to seek new debt funding for some of these projects.

The District's Finance committee was presented with financing options for funding these projects, including long-term bonds, short-term notes, a revolving loan agreement and federal and state loans. It was determined that the revolving loan agreement best fit the needs of the District due to the flexibility it provides with lower initial costs and the ability to increase the loan amount in the future if the need arises. The revolving loan agreement is a short-term variable rate loan and will need to be refinanced in the next 3-5 years. The District's full board approved this type of funding in November 2023.

A request for proposal (RFP) process was then initiated and the RFP was distributed to 20 lending institutions. The District received three proposals and determined that Wells Fargo had presented the most favorable submittal based on price, credit strength, and other criteria as outlined in the RFP.

The District requests that the Calleguas-Las Virgenes Public Financing Authority approve the funding for this revolving loan agreement for an amount not to exceed \$20 million. The funding is tied to the expansion of the crew building and other

improvements around the District's Lake Bard Water Filtration Plant site. The District will be funding the current interest payments through water revenues.

Calleguas staff requests that the Public Financing Authority Board adopt proposed Resolution No. 20 authorizing the execution of a revolving credit agreement, a fee agreement, a subordinate installment purchase contract, and related documents. The Authority will receive updates related to this debt on the District's annual Status of Funds report.

Calleguas' bond counsel, Jonathon Guz of Stradling Yocca Carlson & Rauth, P.C., and Jim Bemis of Montague Derosé and Associates will be present at the meeting to respond to questions or requests for additional information.

RESOLUTION NO. 20

A RESOLUTION OF THE CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION OF A REVOLVING CREDIT AGREEMENT, A FEE AGREEMENT, A SUBORDINATE INSTALLMENT PURCHASE AGREEMENT AND RELATED DOCUMENTS, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Calleguas-Las Virgenes Public Financing Authority (the “Authority”) is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of April 30th, 1993, between the Las Virgenes Municipal Water District (“Las Virgenes”) and the Calleguas Municipal Water District (the “District”), and under the provisions of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to incur debts, liabilities or obligations for any of its corporate purposes; and

WHEREAS, the Authority has determined that it is in the interests of the Authority and the District at this time to provide for the financing of the acquisition and construction of certain improvements (the “2024 Project”) to the District’s water system (the “System”), as described in the Subordinate Installment Purchase Agreement (defined herein); and

WHEREAS, in order to provide funds to finance the 2024 Project, the Authority proposes to enter into a Revolving Credit Agreement by and among Wells Fargo Bank, National Association (“Wells Fargo”), the District and the Authority (the “Revolving Credit Agreement”) and a Fee Agreement by and among Wells Fargo Bank, National Association (“Wells Fargo”), the District and the Authority (the “Fee Agreement” and, together with the Revolving Bank Agreement, the “Bank Agreements”); and

WHEREAS, the Authority proposes to sell the 2024 Project to the District as provided in the Subordinate Installment Purchase Agreement, currently dated as of February 1, 2024 (the “Subordinate Installment Purchase Agreement”), between the Authority and the District, for the purpose (among others) of providing amounts sufficient to provide for the payment of amounts owed by the Authority to the Bank pursuant to the terms of each of the Bank Agreements; and

WHEREAS, the Authority has duly considered such transactions, including, without limitation, the Subordinate Installment Purchase Agreement and each of the Bank Agreements, and wishes at this time to approve said transactions in the public interests of the Authority.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY, AS FOLLOWS:

Section 1. Approval of Bank Agreements. The findings set forth in the recitals hereof are true and correct. The Authority hereby authorizes the execution of each of the Bank Agreements in the aggregate principal amount of not to exceed an amount equal to \$20,000,000 on a tax-exempt basis (except as otherwise provided therein) under and pursuant to the Act for the purposes hereinbefore described. The Authority hereby approves the Bank Agreements in substantially the forms on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by each Board member or the duly appointed officers of the Authority, or their

respective designated representatives (each, an “Authorized Officer”), upon consultation with Authority Counsel and Stradling Yocca Carlson Yocca & Rauth LLP (“Bond Counsel”), whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. Each Authorized Officer is hereby authorized and directed to execute, and the Secretary is hereby individually authorized and directed to attest, the final forms of the Bank Agreements for and in the name and on behalf of the Authority. The Authority hereby authorizes the delivery and performance of the Bank Agreements by any Authorized Officer, including execution of promissory notes, requesting drawings under the Revolving Credit Agreement and taking any other actions necessary or desirable to effectuate the transactions contemplated by the Bank Agreements.

The Authority hereby finds and determines that the execution and delivery of the Revolving Credit Agreement and the related transactions authorized hereunder will result in significant public benefits to the citizens of the District under Section 6586(a) and (d) of the Act and that the 2024 Project is and will be located entirely within the District.

Section 2. Approval of Subordinate Installment Purchase Agreement. The Authority hereby approves the sale of the 2024 Project to the District pursuant to and in accordance with the Subordinate Installment Purchase Agreement in substantially the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officers, upon consultation with Authority Counsel and Bond Counsel, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. Each Authorized Officer is hereby individually authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Subordinate Installment Purchase Agreement for and in the name and on behalf of the Authority. The Authority hereby authorizes the execution, delivery and performance of the Subordinate Installment Purchase Agreement.

Section 3. Official Action. The officers and staff of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisition, agreements, consents, instruments of conveyance, warrants, amendments and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the transactions in connection with or contemplated by each of the Bank Agreements or the Subordinate Installment Purchase Agreement or the sale of the Project to the District.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority at a regularly scheduled Board Meeting held on February 7, 2024 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

President
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

ATTEST:

Secretary
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

I certify that this is a true and correct copy of the original Resolution No. 20, adopted at a regular Board of Directors meeting held on February 7, 2024.

Secretary

SECRETARY’S CERTIFICATE

The undersigned, Secretary of the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors duly called and held on February 7, 2024, at which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

Dated: _____, 2024.

Secretary
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

REVOLVING CREDIT AGREEMENT

dated as of February **[20]**, 2024

by and among

CALLEGUAS MUNICIPAL WATER DISTRICT,

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

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EXHIBITS:

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EXHIBIT B	—	FORM OF COMPLIANCE CERTIFICATE
EXHIBIT C	—	FORM OF REVOLVING NOTE
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EXHIBIT E	—	FORM OF REQUEST FOR TERM LOAN

REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT is dated as of February [20], 2024 (as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, this “*Agreement*”), by and among Calleguas Municipal Water District (the “*District*”), Calleguas-Las Virgenes Public Financing Authority (the “*Authority*”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns (the “*Lender*”).

RECITALS

WHEREAS, the Lender has agreed to make revolving loans from time to time to the Authority for the benefit of the District in accordance with the terms and conditions set forth herein.

NOW, THEREFORE in consideration of the mutual promises, covenants and conditions contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. (a) Capitalized terms used herein but not otherwise defined in subsection (b) below or elsewhere herein shall have the meanings given to them in the Master Resolution or Subordinate Installment Purchase Agreement, as applicable.

(b) The following terms, as used herein, have the following meanings:

“*Accreted Value*” has the meaning set forth in the Master Resolution.

“*ACFR*” means, for the applicable Fiscal Year referenced, the District’s Annual Comprehensive Financial Report, or successive report presenting the audited financial statements of the District.

“*Act*” has the meaning assigned to it in the Recitals of this Agreement.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” means this Revolving Credit Agreement dated as of February [20], 2024, by and among the District, the Authority, and the Lender, as the same may be amended, supplemented, modified or restated from time to time in accordance with its terms.

“*Anti-Corruption Laws*” means: (i) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (ii) the U.K. Bribery Act 2010, as amended; and (iii) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the District, the Authority or any officer, director or agent acting on behalf of the District or the Authority with respect to the obligations hereunder, this Agreement or any of the other Related Documents is located or doing business.

“*Anti-Money Laundering Laws*” means applicable laws or regulations in any jurisdiction in which the District, the Authority or any officer, director or agent acting on behalf of the District or the Authority with respect to the obligations hereunder, this Agreement or any of the other Related Documents is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“*Applicable Factor*” means 80%.

“*Applicable Spread*” has the meaning set forth in the Fee Agreement.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for obligations that are directly or indirectly secured by or payable from Net Operating Revenues.

“*Bankruptcy Code*” means the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, as amended.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate plus 1.00%, (ii) the Federal Funds Rate plus 2.00%, and (iii) 7.00%.

“*Benchmark*” means, initially, Daily Simple SOFR; *provided, however*, that if a Benchmark Transition Event has occurred with respect to Daily Simple SOFR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to the provisions of this Agreement.

“*Benchmark Administrator*” means, initially, the SOFR Administrator, or any successor administrator of the then-current Benchmark or any insolvency or resolution official with authority over such administrator.

“*Benchmark Floor*” means zero percent (0%).

“*Benchmark Replacement*” means the sum of: (A) the alternate rate of interest that has been selected by the Lender in consultation with the Authority as the replacement for the then-current Benchmark; and (B) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Lender in consultation with the Authority, in each case, giving due consideration to (x) any

selection or recommendation by the Relevant Governmental Body at such time for a replacement rate, the mechanism for determining such a rate, the methodology or conventions applicable to such rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate, or (y) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the then-current Benchmark, the methodology or conventions applicable to such rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such alternate rate for U.S. dollar-denominated syndicated or bilateral credit facilities at such time; provided, however, that if the Benchmark Replacement as determined as provided above would be less than the Benchmark Floor, then Benchmark Replacement shall be deemed to be the Benchmark Floor, subject to any other applicable floor rate provision.

“Benchmark Replacement Conforming Changes” means any technical, administrative or operational changes (including, without limitation, changes to the definition of “U.S. Government Securities Business Day,” the timing and frequency of determining rates and making payments of interest, prepayment provisions and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of a Benchmark Replacement and to permit the administration thereof by the Lender.

“Benchmark Replacement Date” means the date specified by the Lender in a notice to the Authority and the District following a Benchmark Transition Event.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark: a public statement or publication of information by or on behalf of the Benchmark Administrator or a regulatory supervisor for the Benchmark Administrator announcing that (A) the Benchmark Administrator has ceased or will cease to provide the Benchmark permanently or indefinitely or (B) the Benchmark is no longer, or as of a specified future date will no longer be, representative of underlying markets.

“Bond Counsel” means the law firm of Stradling Yocca Carlson & Rauth LLP, or any nationally recognized bond counsel selected by the District and acceptable to the Lender.

“Borrowing” means a borrowing hereunder consisting of a Loan to be made to the Authority for the benefit of the District by the Lender pursuant to Article II hereof.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in Los Angeles, California or New York, New York are closed, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed, (c) a day on which the principal offices or the offices at which the Lender makes Loans are closed, or (d) in connection with a SOFR Index Loan, or any other calculation or determination involving SOFR, a U.S. Government Securities Business Day.

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation, Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, promulgation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the

force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Closing Date*” means February [20], 2024, subject to the satisfaction or waiver by the Lender of all of the conditions precedent set forth in Article III hereof.

“*Commitment*” means the amount of \$20,000,000, as such amount may be reduced from time to time pursuant to Section 2.07, Section 2.08 and 6.01 hereof.

“*Compliance Certificate*” means a certificate substantially in the form of Exhibit B hereto.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the District, are treated as a single employer under Section 414 of the Code.

“*Daily Simple SOFR*” means, with respect to any day (a “*SOFR Rate Day*”), a rate per annum equal to SOFR for the day (such day, the “*SOFR Determination Day*”) that is two (2) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website; *provided, however*, that if Daily Simple SOFR determined as provided above would be less than the Benchmark Floor, then Daily Simple SOFR shall be deemed to be the Benchmark Floor. If by 5:00 p.m. (New York City time) on the second (2nd) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with respect to Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; *provided* that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days.

“*Debt*” of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes, securities or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (iv) all obligations of such Person under an installment purchase contract, financing lease or capital lease or similar instrument that, in accordance with generally accepted accounting principles, would be required to be capitalized, (v) all Debt of others

secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (vi) all obligations of such Person under Swap Contracts, (vii) all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities or property or obligations for the deferred purchase price of property or services (other than trade accounts payable occurring in the ordinary course of business), (viii) all reimbursement obligations and other indebtedness owed to any bank or other financial institution and payable on a parity basis with the Loans, and (ix) all Debt of others of a type described in any of clauses (i) through (vii) hereof guaranteed by such Person, whether directly or indirectly.

“*Default*” means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

“*Default Rate*” means, for any day, and with respect to any Note, Loan, Term Loan or Obligation, a rate of interest per annum equal to the Base Rate from time to time in effect plus three percent (3.00%).

“*Designated Representative*” means [_____].

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date on which the District or Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) the date on which the Lender or any Noteholder or former Noteholder notifies the District or Authority that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the District or Authority of such notification from the Lender or such Noteholder or any former Noteholder, the District or Authority shall deliver to the Lender, the Noteholder and any former Noteholder a ruling or determination letter issued to or on behalf of the District or Authority by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) or a written opinion of its Note Counsel to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) the date on which the District or Authority shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been

authorized to provide such advice) that, based upon filings of the District or Authority, or upon any review or audit of the District or Authority or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) the date on which the District or the Authority shall receive notice from the Noteholder or any former Noteholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Lender, such Noteholder or such former Noteholder the interest on the applicable Notes or Loan due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the District or Authority, as applicable, has been afforded the opportunity, at its expense, to contest any such assessment or opinion, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Lender, such Noteholder or former Noteholder, the District or Authority, as applicable, shall promptly reimburse, the Lender, such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, the Lender, such Noteholder or former Noteholder shall be obligated to make as a result of the Determination of Taxability.

“Dollars,” “US\$,” “\$” and “U.S. Dollars” mean the lawful currency of the United States of America.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“Event of Default” with respect to this Agreement means one or more of the events described in Section 6.01 of this Agreement and, with respect to any Related Documents, has the meaning assigned therein.

“Event of Taxability” means a (i) Change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the District or Authority, or the failure to take any action by the District or Authority, or the making by the District or Authority of any misrepresentation herein or in any certificate given in connection with the Notes or Loans) which has the effect of causing interest paid or payable on any Note or any Loan to become includable in the gross income of the Lender, the Noteholder or any former Noteholder for federal income tax purposes, or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Note or any Loan to become includable in the gross income of the Lender, the Noteholder or any former Noteholder for federal income tax purposes with respect to any Note or any Loan.

“Excess Interest Amount” has the meaning set forth in Section 2.05(c)(ii) hereof.

“Excluded Taxes” shall mean, with respect to the Lender or any Noteholder, (a) taxes, whether federal, state or local, imposed on or measured by its overall net income (however denominated), and franchise or similar taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender or such Noteholder is organized, is doing business or in which its principal office is located, or under which it is subject to taxation, and (b) any branch profits taxes imposed by the United States or any similar tax by any other jurisdiction in which the Lender or Noteholder is located.

“Facility Maturity Date” means February [19], 2027, or, if such day is not a Business Day, the next preceding Business Day.

“Favorable Opinion of Bond Counsel” means a written opinion of Bond Counsel, addressed to the District and the Noteholders to the effect that the new Benchmark Replacement will not, in and of itself, cause interest on the outstanding Loans to be included in gross income for purposes of federal income taxation.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided* that if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the quotation for such day on such transactions received by the Lender from three federal funds brokers of recognized standing selected by the Lender. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero percent (0%), such rate shall be deemed to be zero percent (0%) for purposes of this Agreement.

“Fee Agreement” means the Fee Agreement dated the date hereof by and among the Authority, the District, and the Lender, as the same may be amended, restated or otherwise modified from time to time in accordance with its terms.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

“Fitch” means Fitch, Inc. and any successor rating agency.

“Governmental Approval” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to any Governmental Authority.

“Governmental Authority” means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the

European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Interest Payment Date” means with respect to any SOFR Index Loan and any Term Loan, the first Business Day of each calendar month (with the first Interest Payment Date being April 1, 2024), the Facility Maturity Date and such earlier date on which all Loans or the related Loan is required to be paid in full in accordance with the terms hereof or, if applicable, on the Term Loan Maturity Date.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Investor Letter” has the meaning set forth in Section 8.05(c) hereof.

“Investment Policy” means the investment policy of the District which is to be delivered to the Lender pursuant to Section 3.01(i) hereof.

“Law” means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“Lender” has the meaning set forth in the introductory paragraph hereof.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” means a loan made by the Lender pursuant to Section 2.01(c) hereof and in accordance with the applicable Notice of Borrowing.

“Margin Stock” has the meaning ascribed to such term in Regulation U promulgated by the Board of Governors of the Federal Reserve System of the United States, as now and hereafter from time to time in effect.

“Master Resolution” means the District’s Resolution No. 823 adopted on November 6, 1991, as amended as of the date hereof, as the same may be amended, restated, or otherwise modified from time to time in accordance with its terms and the terms hereof.

“Material Adverse Effect” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), or financial condition of the District; (b) a material impairment of the ability of the District to perform its

obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the District of any Related Document to which it is a party.

“Maximum Annual Debt Service” has the meaning set forth in Master Resolution.

“Maximum Federal Corporate Tax Rate” means, on any given day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Internal Revenue Code, as in effect from time to time (or, if as a result of a change in the Internal Revenue Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Lender, the maximum statutory rate of federal income taxation which could apply to the Lender).

“Maximum Interest Rate” means, if any, the maximum rate of interest on the relevant obligation permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc. and any successor rating agency.

“Net Operating Revenues” has the meaning set forth in the Master Resolution.

“Non-Lender Transferee” has the meaning set forth in Section 8.05(b) hereof.

“Note Counsel” means Stradling Yocca Carlson & Rauth LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the District.

“Noteholder” means the Lender and each Non-Lender Transferee pursuant to the terms hereof so long as such Non-Lender Transferee owns an interest in the Notes, and shall include any holder of Term Loans.

“Notes” means, individually and collectively, (i) the Revolving Note, and (ii) the Term Note.

“Notice of Borrowing” has the meaning set forth in Section 2.02(a)(i) hereof.

“Notice of Extension” has the meaning set forth in Section 2.01(b) hereof.

“Obligations” means all amounts payable by the Authority hereunder, and all other obligations to be performed by the Authority and the Authority, pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Lender for any advances or expenditures by it under any of such documents).

“Operating Revenue” has the meaning set forth in the Master Resolution.

“Other Taxes” has the meaning set forth in Section 7.02(a) hereof.

“Parity Obligations” has the meaning set forth in the Master Resolution.

“Participant” has the meaning set forth in Section 8.05(d) hereof.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plan” means, with respect to the District at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by a member of the Controlled Group for employees of a member of the Controlled Group of which the District is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the District is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Prime Rate” means, for any day, the fluctuating rate of interest per annum equal to the “Prime Rate” listed in the “Money Rates” section of The Wall Street Journal as of such day or, if The Wall Street Journal is not published on a particular day, then the “Prime Rate” listed in the “Money Rates” section of The Wall Street Journal for the immediately preceding Business Day. If The Wall Street Journal ceases to exist or to publish a prime rate from which the Prime Rate is then determined, then the Prime Rate shall be the rate determined by Wells Fargo Bank, National Association as its prime commercial lending rate for such day for loans denominated in U.S. Dollars made in the United States. Wells Fargo Bank, National Association may make loans to its customers at, below or above such prime commercial lending rate, and the prime commercial lending rate referred to herein is not intended to be the best rate offered to customers of Wells Fargo Bank, National Association. Any change in the Prime Rate shall take effect on the date specified in the publication or announcement of such change. Each determination of the Prime Rate by the Lender will be conclusive and binding on the District absent manifest error.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Rating Agency” means all or any of S&P, Moody’s, and Fitch, as the context may require.

“Related Documents” means and includes this Agreement, the Fee Agreement, the Notes, the Subordinate Installment Purchase Agreement, and the Master Resolution, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto.

“*Revolving Credit Period*” means the period from and including the Closing Date to and including the Termination Date.

“*Revolving Note*” has the meaning set forth in Section 2.03(a)(i) hereof.

“*Sanction*” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or Executive Order, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, (e) any other governmental authority with jurisdiction over Borrower.

“*Sanctioned Target*” means any target of Sanctions, including (i) persons on any list of targets identified or designated pursuant to any Sanctions, (ii) persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (iii) persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (iv) persons otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“*S&P*” means S&P Global Ratings, an S&P Global Inc. business and any successor rating agency.

“*SOFR*” means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

“*SOFR Administrator*” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“*SOFR Administrator’s Website*” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“*SOFR Index Loan*” means any Loan bearing interest with respect to the SOFR Index Rate (or, if applicable, the Taxable Rate, the Default Rate, the Maximum Interest Rate or rate determined in accordance with Section 2.05(e) hereof).

“*SOFR Index Rate*” means Daily Simple SOFR.

“*State*” means the State of California.

“*Subordinate Installment Purchase Agreement*” means the Subordinate Installment Purchase Contract dated February 1, 2024, by and between the District and the Authority, as the same may be amended, restated or otherwise modified to date in accordance with the terms thereof and hereof.

“*Subordinate Obligations*” has the meaning set forth in the Subordinate Installment Purchase Agreement.

“*Subordinate Net Operating Revenues*” has the meaning set forth in the Subordinate Installment Purchase Agreement.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, total return swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*System*” means that certain water and supply, treatment, storage and distribution system owned and operated by the District.

“*Taxable Date*” means the date on which interest on any Loan or Note is first includable in the gross income of any holder thereof (including, without limitation, the Lender) as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 2.13 hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the interest rate on the applicable Loan or Note during such period and (ii) the quotient of (A) one divided by (B) one minus the Maximum Federal Corporate Tax Rate.

“*Taxes*” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Term Note*” has the meaning set forth in Section 2.03(a)(ii) hereof.

“*Term Loans*” has the meaning set forth in Section 2.12(a) hereof.

“*Term Loan Maturity Date*” means the date that is five (5) years after the making of the Term Loan(s) hereunder, or such earlier date as the Term Loans become due and payable by the terms hereof.

“*Term-Out Rate*” means the rate of interest per annum with respect to any Term Loans (i) from and including the commencement date of the Term Loans up to and including the date which is one hundred eighty (180) days immediately succeeding such date, equal to the Base Rate from time to time in effect, and (ii) from and after the date which is one hundred and eighty-one (181) days immediately succeeding the commencement date of the Term Loans, and at all times thereafter, equal to the Base Rate from time to time in effect plus one percent (1.00%); *provided, however,* that immediately and automatically upon the occurrence of any Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, the “Term-Out Rate” shall mean the Default Rate.

“*Termination Date*” means the Facility Maturity Date or, if earlier, the date on which the Commitment is terminated or permanently reduced to zero in accordance with the terms hereof.

“*30th Day Following Facility Maturity Date*” has the meaning set forth in Section 2.12(a)(i)(A) hereof.

“*U.S. Government Securities Business Day*” means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association, or any successor thereto, recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“*written*” or “*in writing*” means any form of written communication or a communication by means of facsimile.

Section 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred with by the District’s independent public accountants) with the most recent audited financial statements of the District, delivered to the Lender hereunder.

Section 1.03. Rounding. Any financial ratios required to be maintained by the District pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.04. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to California time (daylight or standard, as applicable).

Section 1.05. Incorporated Agreement Provisions. Any covenants and agreements of the District or the Authority herein and in the Related Documents which the District or the Authority, as applicable, is a party and which are incorporated by reference herein (including all such covenants and agreements specified in the exhibits, schedules and defined terms referred to in the

Related Document) shall survive any termination, cancellation, discharge or replacement of such Related Document.

Section 1.06. Rates. The Lender does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to Daily Simple SOFR or any component definition thereof or rates referenced in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as Daily Simple SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Benchmark Replacement Conforming Changes. The Bank and its Affiliates or other related entities may engage in transactions that affect the calculation of the Daily Simple SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the District or the Authority. The Bank may select information sources or services in its reasonable discretion to ascertain the Daily Simple SOFR or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the District, the Authority or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE II

THE CREDIT

Section 2.01. Commitment to Lend.

(a) *Loans.* During the Revolving Credit Period, the Lender agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to the Authority to be applied by the Authority for the benefit of the District pursuant to this Section 2.01 from time to time in amounts such that the aggregate principal amount of Loans by the Lender at any one time outstanding shall not exceed the amount of the Commitment. Within the foregoing limit, the Authority for the benefit of the District may borrow under this subsection (a), repay or, to the extent permitted by Section 2.09 hereof, prepay, the Loans and re-borrow at any time during the Revolving Credit Period under this subsection (a).

(b) *Extension of Revolving Credit Period.* (i) No later than 120 days prior to the Facility Maturity Date, the Authority and the District may request the Lender to extend the then current Facility Maturity Date. If the Lender, in its sole discretion, elects to extend the Facility Maturity Date then in effect, the Lender shall deliver to the Authority and the District within 60 days of receiving a request, a written notice of extension (herein referred to as a “*Notice of Extension*”) designating the date to which the Facility Maturity Date is being extended. Such extension of the

Facility Maturity Date shall be effective, after receipt of such Notice of Extension, on the Business Day following the date of delivery of such Notice of Extension, and thereafter all references in this Agreement to the Facility Maturity Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the District. Any date to which the Facility Maturity Date has been extended in accordance with this Section 2.01(b) may be extended in like manner. If the Lender fails to provide the Authority and the District with a Notice of Extension as provided herein, the Lender shall be deemed not to have consented to the District's and/or the Authority's request. The Lender shall use commercially reasonable efforts to promptly notify the District and the Authority if it will not extend the Facility Maturity Date, but the Lender's failure to do so shall be deemed a denial of the extension request.

(ii) Notwithstanding the foregoing, it is understood and agreed that the foregoing provisions are intended for the convenience of the parties only and shall in no respect prohibit the parties from agreeing to extend the Revolving Credit Period under other circumstances or at other times. In the event the Revolving Credit Period is extended under any other circumstances, the Lender shall give prompt written notice thereof to the District and the Authority.

(iii) If the Revolving Credit Period is extended, whether pursuant to subsection (i) above or otherwise, the District and the Authority shall be deemed to have made the representations and warranties contained herein, as applicable, on the date on which the Revolving Credit Period is so extended.

Section 2.02. Method of Borrowing, Loans; Account to Which Proceeds of Loans to Be Credited. (a) The Authority for the benefit of the District shall give the Lender notice of each Borrowing in the form of Exhibit A hereto, executed by a Designated Representative of the Authority (a "Notice of Borrowing"), by not later than 11:00 a.m. (California time) on the second Business Day before each Borrowing (or such shorter time as the Lender may agree to in writing), specifying:

(i) the date of such Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Borrowing (which (A) shall not exceed the difference between (I) the amount of the Commitment and (II) the aggregate principal amount of Loans then outstanding, and (B) shall be in a minimum amount equal to \$250,000 other than the initial draw hereunder on the Closing Date which shall be in an amount agreed to by the Authority and the Lender); and

(iii) the contact information for the Designated Representative of the Authority that the Lender may contact in connection with any Notice of Borrowing to confirm the terms set forth therein.

(b) Subject to the provisions of subsection (a) of this Section 2.02 and the satisfaction of the terms and conditions set forth in Section 3.02 hereof, by not later than the Lender's close of business on the date of each Borrowing, the Lender shall wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to the account or accounts of the

District, as agent of the Authority pursuant to the Subordinate Installment Purchase Agreement set forth in the Notice of Borrowing.

(c) Each Loan shall be in the principal amount requested by the Authority pursuant to each Notice of Borrowing in the form of Exhibit A hereto.

(d) The Authority may not request more than one (1) Loan per Business Day.

Section 2.03. The Notes. (a)(i) Loans bearing interest with respect to a SOFR Index Rate in accordance with Section 2.05(b) hereof (or, if applicable, the Taxable Rate, the Default Rate, the Maximum Interest Rate or rate determined in accordance with Section 2.05(e) hereof) shall be evidenced by a single corresponding promissory note of the Authority substantially in the form set forth in Exhibit D hereto payable to the Lender in an amount equal to the Commitment (the “*Revolving Note*”).

(ii) Any Term Loan that is a Loan that refunded the Loans shall be evidenced by a single corresponding promissory note of the Authority substantially in the form set forth in Exhibit C hereto payable to the Lender in an amount equal to the Commitment (the “*Term Note*”).

(b) Each reference in this Agreement to the “Notes” shall be deemed to refer to and include any or all of such Notes as the context may require.

(c) The Lender shall record the date, amount, type and maturity of each Loan made by it and the date and amount of each payment of principal made by or on behalf of the Authority with respect thereto, and prior to any transfer of a Note shall endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each Loan then outstanding evidenced by such Note; *provided* that the failure of the Lender to make any such recordation or endorsement, or any error therein, or failure to submit any such notations to the Authority shall not affect the obligations of the Authority hereunder or under such Note. The Lender is hereby irrevocably authorized by the Authority so to endorse each Note and to attach to and make a part of each such Note a continuation of any such schedule as and when required.

(d) The Authority’s obligations to repay each Loan and to pay interest thereon as provided herein shall be evidenced and secured by the related Note, and the Authority shall pay amounts under the related Note on each date on which the Authority is required to make a principal payment on the related Loan or Term Loan, as applicable, in an amount equal to the Loan or Term Loan, as applicable, payment due on such date. The payment of the principal of and interest on a Note shall constitute payment of the principal of and interest on the related Loans or Term Loan, as applicable, and the payment of the principal of and interest on the Loans or Term Loan, as applicable, shall constitute the payment of principal and interest on the related Note and the failure to make any payment on any Loan or Term Loan, as applicable, when due shall be a failure to make a payment on the related Note and the failure to make any payment on the related Note when due shall be a failure to make a payment on the related Loan or Term Loan, as applicable.

Section 2.04. Maturity of Loans and Term Loans. (a) Each Loan included in any Borrowing shall mature, and the principal amount thereof (together with all accrued and unpaid

interest therein) shall be due and payable in full by the Authority on the Facility Maturity Date or such earlier date on which all Loans or the related Loans become due and payable in accordance with the terms hereof.

(b) If the Authority satisfies the conditions set forth in Section 2.12 hereof, the Term Loans shall mature, and the principal amount thereof (together with all accrued and unpaid interest thereon) shall be due and payable by the Authority, on the Term Loan Maturity Date. For the avoidance of doubt, if the Authority fails to satisfy the conditions set forth in Section 2.12 hereof on the Facility Maturity Date or thirty (30) days after the Facility Maturity Date, then all Loans and any accrued interest thereon shall be due and payable on the Facility Maturity Date or the thirtieth (30th) days after the Facility Maturity Date, as applicable, as provided for in Section 2.04(a) hereof.

Section 2.05. Interest Rates. (a) Subject to subsections (b), (c), (d) and (f) below, and Section 6.02 hereof, each Loan (other than a Term Loan) shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it becomes due, at a rate per annum equal to the sum of (1) the Applicable Spread, *plus* (2) the product of (i) the SOFR Index Rate and (ii) the Applicable Factor. Such interest shall be payable by the Authority on each Interest Payment Date, any prepayment date, and on the Facility Maturity Date.

(b) Loans designated to bear interest with respect to the SOFR Index Rate pursuant to the terms of this Agreement and a Notice of Borrowing, shall do so. The Lender shall determine the applicable SOFR Index Rate for each SOFR Index Loan on each SOFR Determination Day while such SOFR Index Loan remains unpaid. Notwithstanding the foregoing, with respect to a SOFR Index Loan that is advanced pursuant to a new Borrowing, the rate for such SOFR Index Loan shall be the same rate as for all outstanding SOFR Index Loans bearing interest with respect to the SOFR Index Rate. Upon the written request of the District, the Lender shall promptly notify the District of the interest rates for the SOFR Index Loans for such dates and periods as requested by the District. Each determination by the Lender of an interest rate shall be conclusive and binding for all purposes, absent manifest error. The SOFR Index Rate shall be rounded to the fifth decimal place.

(c) (i) If the amount of interest payable for any period in accordance with terms hereof exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate for such period.

(ii) Any interest that would have been due and payable for any period but for the operation of Section 2.05(c)(i) hereof shall accrue and be payable as provided in this paragraph (ii) and shall, less interest actually paid to the Lender for such period, constitute the "*Excess Interest Amount.*" If there is any accrued and unpaid Excess Interest Amount as of any date then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate, until the earlier of repayment of such principal or payment to the Lender of the entire Excess Interest Amount.

If there is any accrued and unpaid Excess Interest Amount as of any Interest Payment Date, then, on the current and each subsequent Interest Payment Date, interest shall be paid at the Maximum Interest Rate rather than the otherwise applicable rate until the earlier of (A) payment to the Lender of the entire accrued Excess Interest Amount or (B) the Termination Date. Notwithstanding the foregoing, all unpaid Excess Interest Amount shall be, to the extent permitted by law, due and payable by the Authority as a fee on the Termination Date or such earlier date on which the Loans become due and payable in accordance with the terms hereof (or if such Excess Interest Amount relates to Term Loans, on the Term Loan Maturity Date or such earlier date on which all Loans or the related Term Loans become due and payable in accordance with the terms hereof).

(iii) Notwithstanding the foregoing, on the date on which no principal amount hereunder remains unpaid, the Authority shall pay to the Lender a fee equal to any accrued and unpaid Excess Interest Amount.

(d) (A) Subject to Section 2.05(d)(B) hereof, if the Lender determines (any determination of which shall be conclusive and binding on the Authority) that either (i) Daily Simple SOFR cannot be determined pursuant to the definition thereof other than as a result of a Benchmark Transition Event or does not adequately and fairly reflect the cost to the Bank to make or maintain any Loan (an “*Inability Determination*”) or (ii) any law has made it unlawful, or that any governmental authority has asserted that it is unlawful, for the Lender to make or maintain an advance based on SOFR or Daily Simple SOFR, or to determine or charge interest rates based upon SOFR or Daily Simple SOFR (an “*Illegality Determination*”), then the Lender will so notify the Authority and the District promptly. The outstanding principal balance of the Loans shall bear interest (computed on the basis of a 360-day year, actual days elapsed) at a fluctuating rate per annum determined by the Lender to be equal to the Federal Funds Rate in effect from time to time, from the date of an Inability Determination or an Illegality Determination until Bank revokes such Inability Determination or notifies the Authority and the District that the circumstances giving rise to such Illegality Determination no longer exist, as applicable. When interest is determined in relation to the Federal Funds Rate, each change in the rate of interest hereunder shall become effective on the date each Federal Funds Rate change is announced within the Lender. Notwithstanding any of the foregoing to the contrary, if a Benchmark Replacement is subsequently determined in accordance with Section 2.05(e)(B) hereof, that Benchmark Replacement, plus any applicable margin, will become effective on the Benchmark Replacement Date and will then supersede the Federal Funds Rate and margin determined in accordance with this provision.

(B) Notwithstanding anything to the contrary contained in this Agreement or in any Related Document (for the purposes of this Section 2.05(d)(B), a Swap Contract by and between the District and the Lender or any of its affiliates is not a Related Document):

(i) *Benchmark Replacement.* If a Benchmark Transition Event occurs, the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes under this Agreement or under any Related Document. Any Benchmark Replacement will become effective on the applicable Benchmark Replacement Date.

(ii) *Benchmark Replacement Conforming Changes.* In connection with the

adoption, implementation, use and administration of any Benchmark Replacement, the Lender, in consultation with the Authority, will have the right to make Benchmark Replacement Conforming Changes from time to time and any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Authority or the District.

(iii) *Notices; Standards for Decisions and Determinations.* The Lender will promptly notify the Authority and the District of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Lender pursuant to this Section 2.05(d)(B), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and will be made in its sole discretion and without the Authority and the District's consent.

(iv) If any Loan or Loans are then outstanding, the District shall cause a Favorable Opinion of Bond Counsel to be delivered each time a new Benchmark Replacement is determined for calculation of the interest rate with respect to such Loan or Loans.

(e) Upon a Determination of Taxability, all Loans shall bear interest at the Taxable Rate.

(f) Subject to subsection (c) above, subsection (e) below, and Section 6.02 hereof, the Term Loans shall bear interest on the outstanding principal amount thereof, from the commencement date of such Term Loan until it becomes due, at a rate per annum equal to the Term-Out Rate. Such interest shall be payable on each Interest Payment date and on the Term Loan Maturity Date (or such earlier date on which all Loans or the related Loans become due and payable in accordance with the terms hereof).

(g) Any principal of, and to the extent permitted by applicable law, any interest on, the Loans and any other sum payable hereunder, which is not paid when due shall bear interest, from the date due and payable until paid, payable on demand therefor, at a rate per annum equal to the Default Rate.

Section 2.06. Fees. (a) The Authority agrees to perform the obligations provided for in the Fee Agreement, including, without limitation, the payment of all fees provided for therein. The terms and provisions of the Fee Agreement are incorporated herein by reference. Any reference herein or in any other document to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations payable pursuant to the Fee Agreement.

(b) If the Authority shall fail to pay any amount payable under the Fee Agreement as and when due and payable, each such unpaid amount shall bear interest for each day from and including the date it was payable pursuant to subsection (c) below until paid in full at the applicable Default Rate.

(c) The Authority shall pay within thirty (30) days after written demand via electronic invoice provided by the Lender to the Authority:

(i) the reasonable out-of-pocket expenses of the Lender, including reasonable fees and disbursements of counsel, as described in Section 8.03 herein; and

(ii) any reasonable amounts advanced by or on behalf of the Lender to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Documents, together with interest at the Default Rate.

(d) Upon each amendment hereof, consent or waiver hereunder or under any Related Document, the Authority shall pay or cause to be paid attorneys' fees and expenses, if any, incurred by the Lender in processing such amendment, consent or waiver and a fee in an amount as agreed to by the Lender, the District and the Authority.

(e) If the Authority shall fail to pay any Obligation or other amount payable under this Agreement when due and payable, each such unpaid amount shall bear interest for each day from and including the date it was payable until paid in full at the Default Rate.

Section 2.07. Optional Termination or Reduction of Commitment. Subject to the terms and provisions set forth in the Fee Agreement, during the Revolving Credit Period, the Authority, with the approval of the District, may, upon at least three (3) Business Days' notice to the Lender, (i) terminate the Commitment at any time, if no Loans are outstanding at such time, or (ii) reduce the Commitment from time to time by an aggregate amount of \$1,000,000 or any larger integral multiple of \$1,000,000, which amount shall be not greater than the amount of the Commitment.

Section 2.08. Mandatory Termination or Reduction of Commitment. (a) The Commitment shall terminate on the Termination Date, and any Loans then outstanding (together with accrued interest thereon and all other amounts payable hereunder) shall (i) be due and payable by the Authority in full on such date, or (ii) if all of the conditions of Section 2.12 herein are met, convert to a Term Loan.

(b) If at any time an Event of Default shall have occurred and be continuing, the Lender may deliver a written notice to that effect to the District and the Authority, and the Commitment shall immediately terminate.

Section 2.09. Optional Prepayments; Funding Indemnity. The Authority may, upon at least three (3) Business Days' notice to the Lender, prepay any Loan in whole at any time, or from time to time in part in amounts aggregating \$250,000 or any larger integral multiple of \$5,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment; *provided, however*, in the event the Lender shall incur any reasonable loss, cost, or expense as a result of any prepayment of any SOFR Index Loan (or prepayment or repayment for any other reason, including by maturity or acceleration), (i) on a date other than the related Interest Payment Date, or (ii) without at least three (3) Business Days' notice to the Lender, in each case, for any reason (other than a default by the Lender), whether before or after default, and whether or not such payment is required by any provision of this Agreement, then upon the demand of the

Lender, the Authority shall pay to the Lender such amount as will reimburse the Lender for such reasonable loss, cost, or expense.

Section 2.10. General Provisions as to Payments. The Authority shall make each payment of principal of, and interest on, the Loans and Term Loans and of fees hereunder, not later than 1:00 p.m. (California time) on the date when due, in federal or other immediately funds, to the Lender by wire transfer in accordance with wire transfer instructions provided by the Lender to the District and the Authority from time to time. Whenever any payment of principal of, or interest on, the Loans or Term Loans or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended for any reason, to the next succeeding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

Section 2.11. Computation of Interest and Fees. Interest and fees shall be calculated on the basis of a 360-day year based upon the actual number of days elapsed.

Section 2.12. The Term Loans.

(a) *Generally.* (i)(A) On the Facility Maturity Date, so long as (A) no Default or Event of Default described in Section 6.01 hereof shall have occurred and be continuing, or would result therefrom, and (B) the representations and warranties of the District set forth in Article IV.A and the representations and warranties of the Authority set forth in Article IV.B hereof are true and correct in all material respects as if made as of such date, the Loans, if any, maturing on such date shall be due and payable on the date that is thirty (30) days following the Facility Maturity Date (the “30th Day Following Facility Maturity Date”) and shall accrue interest during such thirty (30) day period at the Term-Out Rate.

(B) Upon the Authority’s written request for Term Loans in form of Exhibit J attached hereto delivered to the Lender no later than the 30th Day Following Facility Maturity Date and provided that (X) no Default or Event of Default described in Section 6.01 hereof shall have occurred and be continuing, or would result therefrom, and (Y) the representations and warranties of the District set forth in Article IV.A and the representations and warranties of the Authority set forth in Article IV.B hereof are true and correct in all material respects as if made as of such date, the Loans, if any, maturing on 30th Day Following Facility Maturity Date shall be automatically converted to term loans (each a “*Term Loan*” and collectively the “*Term Loans*”), the proceeds of which shall be deemed to have refunded the Loans and the Authority’s obligations under the related Notes.

(ii) The Term Loans shall be evidenced by the Term Note and the Lender’s receipt of such Note(s) shall be a condition precedent to making the Term Loan(s). The Term Loans may be repaid in whole or in part on any Business Day upon prior written notice from the Authority and the District to the Lender.

(b) *Repayment.* If the conditions precedent set forth in Section 2.12(a)(B) hereof are satisfied, the principal amount of the Term Loans shall be payable by the Authority in equal quarterly installments, commencing on the date which is three-months following the Facility

Maturity Date, and on the corresponding date in every third month occurring thereafter which occurs prior to the Term Loan Maturity Date and on the Term Loan Maturity Date and interest on such Term Loans shall accrue at the Term-Out Rate, be payable on each Interest Payment Date, and be calculated on the basis of a 360-day year and actual days elapsed; *provided, however*, that, notwithstanding anything contained herein to the contrary, the entire principal amount of the Term Loans, plus accrued and unpaid interest thereon, shall be due and payable in full on the Term Loan Maturity Date (or such earlier date on which all Loans or the related Loans become due and payable in accordance with the terms hereof). For the avoidance of doubt, if the conditions set forth in this Section 2.12 are not satisfied on the Facility Maturity Date or the 30th Day Following Facility Maturity Date, the Loans and any accrued interest thereon shall be paid in full on the Facility Maturity Date or the 30th Day Following Facility Maturity Date, as applicable.

Section 2.13. Determination of Taxability. (i) In the event a Determination of Taxability occurs, the Authority hereby agrees to pay to the Lender and each Noteholder within thirty (30) days of demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Lender and such Noteholder on the applicable Note or Loan, without duplication, during the period for which interest on such Note or Loan is included in the gross income of the Lender and such Noteholder if the applicable Note or Loan had borne interest at the Taxable Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Lender and such Noteholder during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Lender and such Noteholder as a result of interest on the applicable Note or Loan becoming included in the gross income of the Lender and such Noteholder, together with reasonable attorneys’ fees, court costs, or other reasonable out-of-pocket costs incurred by the Lender and such Noteholder in connection therewith;

(ii) Subject to the provisions of clause (iii) below, the Lender and such Noteholder shall afford the District or Authority, as applicable the opportunity, at the Authority’s sole cost and expense, to contest (1) the validity of any amendment to the Internal Revenue Code which causes the interest on the applicable Note or Loan to be included in the gross income of Lender and such Noteholder, or (2) any challenge to the validity of the tax exemption with respect to the interest on the applicable Note or Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); provided that, in no event shall the Lender or a Noteholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Authority or any other Person; and

(iii) As a condition precedent to the exercise by the Authority or District, as applicable, of its right to contest set forth in clause (ii) above, the Authority shall, within thirty (30) days from demand, reimburse the Lender and such Noteholder for reasonable expenses (including reasonable attorneys’ fees for services that may be required or desirable, as determined by the Lender and such Noteholder in its reasonable discretion) that may be incurred by the Lender and such Noteholder in connection with any such contest, and shall, within thirty (30) days, reimburse Lender and such Noteholder for any and all penalties or other charges payable by the Lender or such Noteholder for failure to include such interest in its gross income.

Section 2.14. Security. The Authority's obligations hereunder are payable solely from payments made by the District to the Authority pursuant to the Subordinate Installment Purchase Agreement. Such payments shall be and hereby are pledged and assigned by the Authority to the Lender and the Noteholders for the payment of the Obligations hereunder. Such assignment is valid and binding, and such payments shall immediately be subject to the pledge, and the pledge shall constitute a Lien and security interest which shall immediately attach to such payments and be effective, binding, and enforceable against the Authority, its successors, creditors, and all others asserting the rights therein, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such pledge by the Authority is irrevocable until the Commitment has expired or has been terminated and all Obligations hereunder shall have been paid in full. The Authority and the District acknowledge that the Subordinate Installment Purchase Agreement provides that:

The Subordinate Net Operating Revenues are irrevocably pledged by the District to secure the punctual payment of amounts payable to the Authority by the District pursuant to any Subordinate Obligations (including the Subordinate Installment Purchase Agreement), in accordance with their respective terms, and shall not be used for any other purpose while any Subordinate Obligations remain outstanding, except as provided in Section 3.09 and 3.10 of the Subordinate Installment Purchase Agreement. The pledge of Subordinate Net Operating Revenues made in the Subordinate Installment Purchase Agreement is irrevocable until all of the Subordinate Obligations are no longer Outstanding. Said pledge of Subordinate Net Operating Revenues in the Subordinate Installment Purchase Agreement shall constitute a first lien on the Subordinate Net Operating Revenues and shall be valid and binding from and after execution of the Subordinate Installment Purchase Agreement, without any physical delivery thereof or further act. The Subordinate Net Operating Revenues pledged in the Subordinate Installment Purchase Agreement to the payment of Subordinate Obligations shall be applied without priority or distinction of one over the other. The District shall not enter into any Subordinate Obligations after the date hereof without the prior written consent of the Lender.

ARTICLE III

CONDITIONS

Section 3.01. Effectiveness. This Agreement shall become effective on the date on which each of the following conditions shall have been satisfied in the determination of the Lender:

- (a) receipt by the Lender of a counterpart hereof signed by each of the parties hereto;
- (b) receipt by the Lender of duly executed Notes dated the Closing Date complying with the provisions of Section 2.03 hereof;
- (c) receipt by the Lender of (i) an opinion of each of the District Counsel and counsel to the Authority, addressed to the Lender and in a form acceptable to the Lender and covering such matters relating to the transactions contemplated hereby or by the

Related Documents as the Lender may reasonably request, and (ii) an opinion of Note Counsel with a reliance letter addressed to the Lender and in a form acceptable to the Lender and covering such matters relating to the transactions contemplated hereby or by the Related Documents as the Lender may reasonably request (including, without limitation, as to the validity, enforceability of the Agreement and the other Related Documents and tax-exemption matters);

(d) receipt by the Lender of (i) a certified copy of each instrument which composes the Master Resolution (each as in effect on the Closing Date) and a certificate of Designated Representative of the District, dated the Closing Date, certifying that each instrument which composes the Master Resolution is in full force and effect on the Closing Date and that there has been no other amendment or supplement of, or modification to, any provision of any such instrument, except as set forth therein, (ii) a certified copy of the Subordinate Installment Purchase Agreement; and (iii) a certified copy of all authorizing resolutions or such other authorizing action taken by the Authority to approve the Related Documents to which it is a party;

(e) receipt by the Lender of a certificate of a duly authorized officer of each of the District and the Authority, certifying that (i) all conditions precedent set forth in the Master Resolution with respect to the execution of this Agreement and each other Related Document have been satisfied, (ii) except as disclosed to the Lender before the date hereof, there has been no material adverse change in the financial condition of the District since **[June 30, 2022]**, (iii) that there has been no event or circumstance since **[June 30, 2022]**, that has, either individually or in the aggregate, a Material Adverse Effect, (iv) that the representations and warranties contained in Article IV.A and Article IV.B, as applicable, hereof and the other Related Documents are true and correct in all material respects on the Closing Date, except to the extent such representations and warranties specifically relate to an earlier date (in which case such representations were true and correct in all material respects as of such earlier date), (v) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default, (vi) no petition by or against the District or the Authority has been filed under the United States Bankruptcy Code or under any similar law, (vii) there are no actions, suits or proceedings pending or threatened against the District or the Authority and/or any of their respective Affiliates in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect.

(f) receipt by the Lender of a certificate of a duly authorized officer of the District and the Authority, certifying as to the incumbency and signature of each of the officers of the District and the Authority authorized to sign this Agreement and the Related Documents to which the District and the Authority, as applicable, is a party;

(g) receipt by the Lender of all opinions, certificates and other documents it may reasonably request relating to the existence of the District and the Authority, the authority for and the validity of this Agreement and the Notes then being delivered, and

any other matters relevant hereto or thereto, all in form and substance satisfactory to the Lender;

(i) receipt by the Lender of: (A) written confirmation that the District's credit ratings on Parity Obligations (without taking into account any third party credit enhancement) is at least "Aa2" by Moody's, "AA" by Fitch (to the extent that Fitch is maintaining a rating on Parity Obligations), and "AA+" by S&P; (B) the ACFR for the Fiscal Year ended **[June 30, 2022]**; and (C) a copy of the Investment Policy of the District as in effect on the Closing Date (or confirmation that the most recent Investment Policy of the District delivered to the Lender has not been modified and is still in full force and effect); and

(j) the District shall have executed, and the Lender shall have received an executed copy of, the tax certificate related to the applicable Loans.

Section 3.02. Borrowings During the Revolving Credit Period. The obligation of the Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) receipt by the Lender of a Notice of Borrowing as required by Section 2.02 hereof;

(b) immediately after such Borrowing, the aggregate outstanding principal amount of the Loans will not exceed the amount of the Commitment;

(c) immediately before and as a result of giving effect to such Borrowing, no Default or Event of Default shall have occurred and be continuing; and

(d) the representations and warranties of the District and the Authority (except to the extent the same expressly relate to an earlier date, then such representation or warranty shall be true and correct, in all material respects, as of such earlier date and except that the representations contained in Section 4.06 hereof shall be deemed to refer to the most recent ACFR delivered to the Lender pursuant to Section 5.05 of this Agreement) contained in this Agreement shall be true in all material respects on and as of the date of such Borrowing.

Each Borrowing hereunder shall be deemed to be a representation and warranty by the District on the date of such Borrowing as to the facts specified in clauses (b), (c) and (d) of this Section 3.02.

Section 3.03. No Rating; DTC; Offering Document; CUSIP. The Notes shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with DTC or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document, (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service or (v) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

ARTICLE IV.A

REPRESENTATIONS AND WARRANTIES OF THE DISTRICT

The District makes the following representations and warranties to the Lender and each Noteholder:

Section 4.01. Existence and Power; Tax Status. The District is a municipal water district duly organized, validly existing and in good standing under the laws of the State and has the power and authority to own and operate the System and to carry on the operation of the System as now being conducted and as currently contemplated to be conducted hereafter.

Section 4.02. Due Authorization. (a) The District has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The District has approved the form of the Related Documents to which it is not a party.

(b) The District is duly authorized and licensed to own and operate the System under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate the ownership and operation of the System, and the District has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the District to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to own and operate the System have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the District of this Agreement or the due execution, delivery or performance by the District of the Related Documents.

Section 4.03. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the District, and each of the Related Documents to which the District is a party, when executed and delivered by the District will be, a legal, valid and binding obligation of the District enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.04. Noncontravention; Compliance with Law. (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the District's authorizing legislation, (ii) require any consent or approval of any creditor of the District, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the District is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition

of any Lien upon or with respect to any Property constituting the System now owned or hereafter acquired by the District or any Affiliate thereof except such Liens, if any, expressly created by a Related Document.

(b) The District is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 4.05. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the District or any arbitration in which service of process has been completed against the District or, to the knowledge of the District, any other action, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the District or any arbitrator, in either case against the District or any of its properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the District would adversely affect the rights, security, interests or remedies of the Lender hereunder or under any of the other Related Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and the Lender's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 4.06. Financial Statements. The audited financial statements of the District as at **[June 30, 2022]**, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of [_____], nationally recognized independent public accountants, heretofore furnished to the Lender, which are consistent in all material respects with the audited financial statements of the District for the Fiscal Year ended **[June 30, 2022]**, fairly present the financial condition of the District in all material respects as of such dates and the results of its operations for the periods then ended. Since **[June 30, 2022]**, there has been no material adverse change in the financial condition or operations of the District that could reasonably be expected to result in a Material Adverse Effect.

Section 4.07. Employee Benefit Plan Compliance. To the extent applicable, the District has no funding liability or obligation currently due and payable with respect to any employee benefit plan which could reasonably be expected to result in a Material Adverse Effect. The District and each employee benefit plan is in compliance in all material respects with the terms of any such plan and applicable law related thereto. Neither the District nor a member of the Controlled Group is subject to ERISA or maintains a Plan.

Section 4.08. No Defaults. No default by the District has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Parity Obligations or any other material payment obligation secured by or payable from Net Operating Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the District or any agency or instrumentality of the District are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined

in, any of the other Related Documents has occurred and is continuing. The District is not presently in default under any agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The District is not in violation of any material term of the authorizing legislation applicable to the District or any term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect.

Section 4.09. Insurance. The District currently maintains insurance coverage with insurance companies believed by the District to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to the District (as determined in its reasonable discretion) and in full compliance with Section 5.04 hereof.

Section 4.10. Title to Assets. The District has good and marketable title to the assets constituting the System except where the failure to have good and marketable title to such assets constituting the System would not have a Material Adverse Effect.

Section 4.11. Incorporation by Reference. The representations and warranties of the District contained in the other Related Documents to which the District is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the District in such Sections are hereby made for the benefit of the Lender. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Lender.

Section 4.12. Correct Information. All information, reports and other papers and data with respect to the District furnished by the District to the Lender were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the District to the Lender were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Lender in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the District, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the District that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Notes, or the ability of the District to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 4.12 or in such information, reports, papers and data or otherwise disclosed in writing to the Lender. The documents furnished and statements made by the District in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue

statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 4.13. Investment Company. The District is not an “investment company” or a company “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended.

Section 4.14. Margin Stock. The District is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the Loans will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 4.15. Tax-Exempt Status. The District has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 4.16. Usury. None of the Related Documents provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 4.17. Security. The statements in Section 2.14 hereof are true and correct.

Section 4.18. Pending Legislation and Decisions. There is no amendment, or to the knowledge of the District, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the Notes, the security for any of the Notes or any Obligation, the creation, organization, or existence of the District or the titles to office of any officers executing this Agreement or any Related Documents to which the District is a party or the District’s ability to repay when due its obligations under this Agreement, any of the Notes or any other Obligation.

Section 4.19. Environmental Matters. The operations of the District are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 4.20. No Immunity. The District is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its Net Operating

Revenues or Subordinate Net Operating Revenues might otherwise be made subject in any action, suit or proceeding relating to this Agreement or any other Related Document, and no such immunity (whether or not claimed) may be attributed to the District or its Net Operating Revenues or Subordinate Net Operating Revenues; provided that any such proceedings shall be subject to all substantive and procedural requirements of California law, including California Government Code, Title 1 Division 3.6.

Section 4.21. No Public Vote or Referendum. There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected result in a Material Adverse Effect.

Section 4.22. Sanctions; Anti-Money Laundering and Anti-Corruption Laws.

(a) *Sanctions.* The District represents and warrants continuously throughout the term of this agreement that: (a) the District is not a Sanctioned Target; (b) the District is not owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, a Sanctioned Target; (c) the District has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Sanctions; and (d) to the best of District's knowledge, after due care and inquiry, the District is not under investigation for an alleged violation of Sanction(s) by a governmental authority that enforces Sanctions. The District shall notify Lender in writing not more than one (1) business day after first becoming aware of any breach of this section.

(b) *Anti-Money Laundering and Anti-Corruption Laws.* The District represents and warrants continuously throughout the term of this agreement that: (a) the District has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Anti-Money Laundering Laws and Anti-Corruption Laws; and (b) to the best of District's knowledge, after due care and inquiry, the District is not under investigation for an alleged violation of Anti-Money Laundering Laws or Anti-Corruption Laws by a governmental authority that enforces such laws.

ARTICLE IV.B

REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY

The Authority makes the following representations and warranties to the Lender and each Noteholder:

Section 4.23. Existence and Power; Tax Status. The Authority is a joint exercise of powers authority duly organized, validly existing and in good standing under the laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

Section 4.24. Due Authorization. (a) The Authority has the authority has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The Authority has approved the form of the Related Documents to which it is not a party.

(b) The Authority is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Authority has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Authority to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Authority of this Agreement or the due execution, delivery or performance by the Authority of the Related Documents.

Section 4.25. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the Authority, and each of the Related Documents to which the Authority is a party, when executed and delivered by the Authority will be, a legal, valid and binding obligation of the Authority enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.26. Noncontravention; Compliance with Law. (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the Authority's authorizing legislation, (ii) require any consent or approval of any creditor of the Authority, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the Authority is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Authority or any Affiliate thereof except such Liens, if any, expressly created by a Related Document.

(b) The Authority is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 4.27. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or any arbitration in which service of process has been completed against the Authority

or, to the knowledge of the Authority, any other action, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Authority or any arbitrator, in either case against the Authority or any of its properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect the rights, security, interests or remedies of the Lender hereunder or under any of the other Related Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and the Lender's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 4.28. Tax-Exempt Status. The Authority has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 4.29. No Immunity. The Authority is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be made subject in any action, suit or proceeding relating to this Agreement or any other Related Document, and no such immunity (whether or not claimed) may be attributed to the Authority.

ARTICLE V.A

COVENANTS OF THE DISTRICT

The District covenants and agrees, so long as the Lender has any Commitment hereunder and until the full and final payment and satisfaction of all of the Notes and the Obligations hereunder, except in any instance in which the Lender specially agrees in writing to any non-performance or noncompliance, that:

Section 5.01. Existence, Etc. The District (a) shall maintain its existence pursuant to its authorizing legislation and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of the System, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets that generate Net Operating Revenues.

Section 5.02. Maintenance of Properties. The District shall, in all material respects, maintain, preserve and keep the System in good repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could reasonably be expected to result in a Material Adverse Effect.

Section 5.03. Compliance with Laws; Taxes and Assessments. The District shall comply with all Laws applicable to it and the System, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or the System before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the District are adequate. The District shall comply with Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

Section 5.04. Insurance. The District shall maintain insurance with reputable insurance companies or associations believed by the District at the time of purchase of such insurance to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage. The District shall upon request of the Lender furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 5.04.

Section 5.05. Reports. The District shall furnish to the Lender in form and detail satisfactory to the Lender:

(a) *Annual Report.* As soon as available, and in any event within 210 days after the end of the Fiscal Year, the annual audited financial statements of the District together with (1) the opinion of the District's independent accountants and (2) a Compliance Certificate signed by the chief financial officer of the District (x) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default and (y) demonstrating compliance with the financial covenants set forth in Section 5.09 and Section 5.14 hereof.

(b) *Budget.* As soon as available, and in any event within 60 days following the approval thereof, the operating budget of the District.

(c) *Offering Memorandum and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities by the District with respect to which a final official statement or other offering or disclosure document has been prepared by the District, (1) a copy of such official statement or offering circular or (2) notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the District is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available.

(d) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by a Designated Representative of the District specifying in reasonable detail the nature and period of existence thereof and what action the District has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Lender, a certificate of a Designated Representative of the District as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any “default” or “event of default” as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the District has taken or proposes to take with respect thereto.

(e) *Litigation.* As promptly as practicable, written notice to the Lender of all actions, suits or proceedings pending or threatened against the District in court or before any arbitrator of any kind or before any governmental authority which could reasonably be expected to result in a Material Adverse Effect.

(f) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the District as the Lender may from time to time reasonably request.

Section 5.06. Maintenance of Books and Records. The District will keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the District shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 4.06 hereof.

Section 5.07. Access to Books and Records. To the extent permitted by law, the District will permit any Person designated by the Lender (at the expense of the Lender, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the District) to visit any of the offices of the District to examine the books and financial records (except books and financial records the examination of which by the Lender is prohibited by law or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the District with their principal officials, all at such reasonable times and as often as the Lender may reasonably request.

Section 5.08. Compliance with Documents. The District agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents to which it is a party. To the extent that any such provision permits the District or any other party to waive compliance with such provision or requires that a document,

opinion or other instrument or any event or condition be acceptable or satisfactory to the District or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Lender in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Lender which shall only be evidenced by the written approval by the Lender of the same. Except as permitted by Section 5.15 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the District with respect thereto made pursuant to any of the Related Documents to which the District is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the District with respect thereto in each case without the prior written consent of the Lender. Notwithstanding any termination or expiration of the Related Documents to which the District is a party, the District shall continue to observe the covenants therein contained for the benefit of the Lender until the termination of this Agreement and the payment in full of the Notes and all other Obligations. All covenants set forth in the Related Documents shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 5.09. Rate Covenant. So long as any Obligations are outstanding hereunder, the District covenants and agrees to prescribe, revise and collect such rates and charges for the services, facilities, availability and water of the System which, after making allowances for contingencies and error in estimates shall provide Net Operating Revenues at least sufficient to pay 1.25 times the principal and Accreted Value of and interest on the outstanding Parity Obligations as the same shall become due and payable, all in accordance with Section 4.07 of the Master Resolution.

Section 5.10. Further Assurances. From time to time hereafter, the District will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Lender may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the District is a party or for the purpose of more fully perfecting or renewing the rights of the Lender with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the District which may be deemed to be a part thereof). Upon the exercise by the Lender of any power, right, privilege or remedy pursuant to the Related Documents to which the District is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the District will, to the fullest extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Lender may be required to obtain for such governmental consent, approval, registration, qualification or authorization. At any time, and from time to time, upon request by the Lender, the District will, at the District's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents to which the District is a party or protect the Lender's interests, security, rights and remedies with respect to the Subordinate Net Operating Revenues or its security under the Subordinate Installment Purchase Agreement or hereunder. At all times, the District will defend, preserve and protect the pledge of certain funds pursuant to the Subordinate Installment Purchase Agreement and all the rights of the Lender hereunder and under

the Subordinate Installment Purchase Agreement against all claims and demands of all Persons whatsoever.

Section 5.11. No Impairment. The District will neither take any action, nor permit the Authority to take any action, under the Subordinate Installment Purchase Agreement or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Lender under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

Section 5.12. Application of Loan Proceeds.

(a) *Generally.* The District will not take or omit to take any action, which action or omission will in any way result in the proceeds from the Loans being applied in a manner other than as provided for in the Subordinate Installment Purchase Agreement.

(b) *Sanctions.* The District shall not, directly or indirectly use any of the proceeds of the Loans to fund, finance or facilitate any activities, business or transactions: (a) that are prohibited by Sanctions, (b) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (c) that would be prohibited by Sanctions if conducted by Lender, or any other party hereto. District shall notify Lender in writing not more than one (1) business day after first becoming aware of any breach of this Section 5.12(b).

(c) *Anti-Money Laundering/Anti-Corruption Laws.* The District shall not, directly or indirectly use any of the proceeds of the Loans to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

Section 5.13. Limitation on Additional Debt. (a) The District will not issue and/or incur any additional Parity Obligations except in accordance with the Master Resolution as in effect on the date hereof.

(b) Notwithstanding Section 5.13(a) hereof, the District shall not issue any additional Debt payable from or secured by Net Operating Revenues other than Parity Obligations and shall not issue any Debt payable from or secured by Subordinate New Operating Revenues except in accordance with the Subordinate Installment Purchase Agreement.

Section 5.14. Related Documents. The District shall not modify, amend or consent to any modification, amendment or waiver in any material respect of any Related Document without the prior written consent of the Lender.

Section 5.15. Liens. The District shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the Net Operating Revenues except in accordance with the Master Resolution and this Agreement.

Section 5.16. Disclosure to Participants, Lender Transferees and Non-Lender Transferees. The District shall permit the Lender to disclose the financial information received by it pursuant

to this Agreement to each participant, Noteholder Transferee and Non-Noteholder Transferee pursuant to Section 8.05 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

Section 5.17. Other Agreements. In the event that the District shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies than are provided to the Bank in this Agreement, the District shall provide the Bank with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The District shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Bank shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the District fails to provide such amendment.

Section 5.18. Immunity from Jurisdiction. To the fullest extent permitted by applicable law, with respect to its obligations arising under this Agreement or any other Related Document, the District irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be entitled in any such action, suit or other proceeding, and the District hereby irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its Operating Revenues (as defined in the Master Resolution) (irrespective of their use or intended use), all such immunity.

Section 5.19. Swap Contracts. Without the prior written consent of the Lender, the District will not enter into any Swap Contract relating to Debt (i) wherein any termination payments thereunder are payable on a basis that is senior to or on parity with the payment of the Notes or the other Obligations or (ii) which requires the District to post cash collateral to secure its obligations thereunder.

Section 5.20. Use of Lender's Name. Except as may be required by law (including, but limited to, federal and state securities laws), the District shall not use the Lender's name in any published materials (other than the District's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Lender.

Section 5.21. Maintenance of Tax-Exempt Status of Notes. The District shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Notes.

Section 5.22. ERISA. To the extent applicable, the District shall not be, and shall not permit a member of the Controlled Group to be, subject to ERISA and shall not maintain, nor permit a member of the Controlled Group to maintain, a Plan. The District and each employee benefit plan shall remain in compliance in all material respects with the terms of any such plan and applicable law related thereto.

Section 5.23. Investment Policy. All investments of the District have been and will be made in accordance with the terms of the Investment Policy.

Section 5.24. Environmental Laws. The District shall comply with all applicable Environmental Laws and cure any defect thereto (or cause other Persons to effect any such cure) to the extent necessary to bring such real property owned, leased, occupied or operated by the District back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The District shall at all times use commercially reasonable efforts to render or maintain any real property owned, leased, occupied or operated by the District safe and fit for its intended uses. The District shall also immediately notify the Lender of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

Section 5.25. Federal Reserve Board Regulations. The District shall not use any portion of the proceeds of the Loans for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the District out of such proceeds.

Section 5.26. Underlying Rating. The District shall at all times maintain a rating on its long-term unenhanced Parity Obligations from at least two Rating Agencies. The District covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Obligations from any of Fitch (to the extent that Fitch is maintaining a rating on Parity Obligations), Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement or reduce the Applicable Spread.

Section 5.27. Source of Repayment. The District shall not fund any payments of its obligations under the Subordinate Installment Purchase Agreement with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause the Lender or any other party to this agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

ARTICLE V.B

COVENANTS OF THE AUTHORITY

The Authority covenants and agrees, so long as the Lender has any Commitment hereunder and until the full and final payment and satisfaction of all of the Notes and the Obligations hereunder, except in any instance in which the Lender specially agrees in writing to any non-performance or noncompliance, that:

Section 5.28. Existence, Etc. The Authority (a) shall maintain its existence pursuant to its authorizing legislation and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets.

Section 5.29. Maintenance of Properties. The Authority shall, in all material respects, maintain, preserve and keep its Property in good repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could reasonably be expected to result in a Material Adverse Effect.

Section 5.30. Compliance with Laws; Taxes and Assessments. The Authority shall comply with all Laws applicable to it and its Property, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the Authority are adequate. The Authority shall comply with Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

Section 5.31. Compliance with Documents. The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents to which it is a party. To the extent that any such provision permits the Authority or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Lender in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Lender which shall only be evidenced by the written approval by the Lender of the same. Except as permitted by Section 5.34 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to any of the Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case without the prior written consent of the Lender. Notwithstanding any termination or expiration of the Related Documents to which the Authority is a party, the Authority shall continue to observe the covenants therein contained for the benefit of the Lender until the termination of this Agreement and the payment in full of the Notes and all other Obligations. All covenants set forth in the Related Documents shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 5.32. Further Assurances. From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Lender may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the Authority is a party or for the purpose of more fully perfecting or renewing the rights of the Lender with respect to the rights, properties or assets

subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Authority which may be deemed to be a part thereof). Upon the exercise by the Lender of any power, right, privilege or remedy pursuant to the Related Documents to which the Authority is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority will, to the fullest extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Lender may be required to obtain for such governmental consent, approval, registration, qualification or authorization. At any time, and from time to time, upon request by the Lender, the Authority will, at the Authority's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents to which the Authority is a party or protect the Lender's interests, security, rights and remedies with respect to the Net Operating Revenues or its security under the Subordinate Installment Purchase Agreement or hereunder. At all times, the Authority will defend, preserve and protect the pledge of certain funds pursuant to the Subordinate Installment Purchase Agreement and all the rights of the Lender hereunder and under the Subordinate Installment Purchase Agreement against all claims and demands of all Persons whosoever.

Section 5.33. Application of Loan Proceeds.

(a) *Generally.* The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from the Loans being applied in a manner other than as provided for in the Subordinate Installment Purchase Agreement.

(b) *Sanctions.* The Authority shall not, directly or indirectly use any of the proceeds of the Loans to fund, finance or facilitate any activities, business or transactions: (a) that are prohibited by Sanctions, (b) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (c) that would be prohibited by Sanctions if conducted by Lender, or any other party hereto. The Authority shall notify Lender in writing not more than one (1) business day after first becoming aware of any breach of this Section 5.33(b).

(c) *Anti-Money Laundering/Anti-Corruption Laws.* The Authority shall not directly or indirectly use any of the proceeds of the Loans to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

Section 5.34. Related Documents. The Authority shall not modify, amend or consent to any modification, amendment or waiver in any material respect of any Related Document without the prior written consent of the Lender.

Section 5.35. Immunity from Jurisdiction. To the fullest extent permitted by applicable law, with respect to its obligations arising under this Agreement or any other Related Document, the Authority irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of

mandamus or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be entitled in any such action, suit or other proceeding, and the Authority hereby irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues (irrespective of their use or intended use), all such immunity.

Section 5.36. Maintenance of Tax-Exempt Status of Loans. The Authority shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Loans.

Section 5.37. Source of Repayment. The Authority shall not fund any repayment of the Notes with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause the Lender or any other party to this agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01. Events of Default. If one or more of the following events shall have occurred and be continuing, each shall each constitute an Event of Default hereunder:

(a) (i) the Authority shall fail to pay principal of or interest on any Loan or Term Loan when due, or (ii) the Authority shall fail to pay any Obligation (other than the obligation to pay principal of and interest on any Loan or Term Loan) and such failure shall continue for three (3) Business Days; or

(b) any written representation, warranty, certification or statement made by the District or the Authority in this Agreement or in any other Related Document or in any certificate, financial statement or other document delivered pursuant to this Agreement or any other Related Document shall (in any such case) have been incorrect or untrue in any material respect when made or deemed to have been made; or

(c) the District shall default in the due performance or observance of any of the covenants set forth in Section 5.05., Section 5.09, Section 5.11, Section 5.12, Section 5.13, Section 5.14, Section 5.15, Section 5.16, Section 5.18, Section 5.19, Section 5.20, Section 5.21, Section 5.23, Section 5.26, or Section 5.27; or

(d) the Authority shall default in the due performance or observance of any of the covenants set forth in Section 5.28, Section 5.31, Section 5.33, Section 5.34, Section 5.35, Section 5.36, Section 5.37, or Section 5.38 hereof; or

(d) the District or the Authority shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any

Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof; or

(e) the District or the Authority shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(f) hereof;

(f) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the District or the Authority or any substantial part of its Property, or a proceeding described in Section 7.01(e)(v) shall be instituted against the District or the Authority and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any obligation of the District or the Authority by the District or the Authority or any Governmental Authority with appropriate jurisdiction;

(h) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Loans or any Parity Obligations or (B) the validity or enforceability of the pledge of the Net Operating Revenues or any other pledge or security interest created by the Master Resolution or Installment Purchase Agreement shall at any time for any reason cease to be valid and binding on the District or the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Loans or any Parity Obligations, or (B) the pledge of the Net Operating Revenues or any other pledge or security interest created by the Master Resolution or Subordinate Installment Purchase Agreement shall be publicly contested by the District or the Authority; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the District or the Authority or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the District or the Authority;

(i) dissolution or termination of the existence of the District or the Authority;

(j) the District shall (i) default on the payment of the principal of or interest on any Parity Obligations, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Obligation was created or incurred; (ii) default in the observance or performance of any agreement or condition relating to any Parity Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit or cause (determined without regard to whether any notice is required) any such Parity Obligations to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Obligations or (iii) fail to make any payment required to be made under the Subordinate Installment Purchase Agreement;

(k) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$1,000,000 shall be entered or filed against the District or the Authority or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days

(l) any “event of default” under any Related Document (as defined respectively therein) shall have occurred

(m) any of Fitch (to the extent that Fitch is maintaining a rating on Parity Obligations), Moody’s and S&P shall have downgraded its rating of Parity Obligations to below “BBB” (or its equivalent), “Baa2” (or its equivalent), or “BBB” (or its equivalent) respectively, or suspended or withdrawn its rating of the same

Section 6.02. Remedies upon Event of Default. If an Event of Default specified in Section 6.01 hereof shall occur and be continuing, the Lender may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the District and the Authority, *provided* that upon the occurrence of an Event of Default under Section 8.01(e) or (f) hereof such acceleration shall automatically occur without notice;

(b) exercise remedies provide for in the Subordinate Installment Purchase Agreement;

(c) declare the Commitment to be terminated, *provided* that upon the occurrence of an Event of Default under Section 8.01(e) or (f) hereof such termination shall automatically occur without notice;

(d) pursue any rights and remedies it may have under the Related Documents;

(e) by written notice to the Authority and the District, cause all Loans to bear interest at the Default Rate; *provided* that upon the occurrence of an Event of Default under Section 8.01(e) or (f) hereof all Loans shall automatically bear interest at the Default Rate without notice; or

(f) pursue any other action available at law or in equity.

Section 6.03. Remedies Cumulative; Solely for the Benefit of Lender. Each and every right, power and remedy herein specifically given to the Lender in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Lender, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Lender specified herein are for the sole and exclusive benefit, use and protection of the Lender, and the Lender is entitled, but shall have no duty or obligation to the District or the Authority or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Lender hereunder or under any of the other Related Documents.

Section 6.04. Waivers or Omissions. No delay or omission by the Lender in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Lender or to be acquiescence therein. No express or implied waiver by the Lender of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

Section 6.05. Discontinuance of Proceedings. In case the Lender shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Lender shall have the unqualified right so to do and, in such event, the District, the Authority and the Lender shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Lender hereunder shall continue as if the same had never been invoked.

ARTICLE VII

INCREASED COSTS AND TAXES

Section 7.01. Additional Costs.

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Lender, or the Lender's parent or holding company or any Noteholder or such Noteholder's parent or holding company;

(ii) subject the Lender or any Noteholder to any Tax of any kind whatsoever with respect to this Agreement, the related Notes, any Loan or Term Loan made by it or the related Notes, or change the basis of taxation of payments to the Lender or such Noteholder in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 7.02 hereof and the imposition of, or any change in the rate of any Excluded Taxes payable by the Lender, the Lender's parent or holding company or such Noteholder or such Noteholder's parent or holding company); or

(iii) impose on the Lender, the Lender's parent or holding company or any Noteholder, or such Noteholder's parent or holding company any other condition, cost or expense affecting this Agreement or the related Notes or the Term Loans;

and the result of any of the foregoing shall be to increase the cost to the Lender, the Lender's parent or holding company, or such Noteholder or such Noteholder's parent or holding company of making Loans or Term Loans or maintaining the Commitment, or to reduce the amount of any sum received or receivable by the Lender, the Lender's parent or holding company, or such Noteholder hereunder, under the related Notes, under any Loan or under the Term Loan(s) (whether of principal, interest or any other amount) then, upon written request of the Lender or such Noteholder as set forth in clause (c) below, the Authority shall promptly pay to the Lender or such Noteholder, as the case may be, such additional amount or amounts as will compensate the Lender, the Lender's parent or holding company, or such Noteholder, or such Noteholder's parent or holding company, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital or Liquidity Requirements.* If the Lender or any Noteholder reasonably determines that any Change in Law affecting the Lender, the Lender's parent or holding company, or such Noteholder or such Noteholder's parent or holding company regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Lender's, the Lender's parent's or holding company's, or such Noteholder's or such Noteholder's parent or holding company capital or liquidity as a consequence of this Agreement, or of making Loans or Term Loans or maintaining the Commitment, to a level below that which the Lender, the Lender's parent or holding company, or such Noteholder could have achieved but for such Change in Law (taking into consideration the Lender's, Lender's parent or holding company's, or such

Noteholder's or such Noteholder's parent or holding company policies with respect to capital or liquidity adequacy), then from time to time upon written request of the Lender or such Noteholder as set forth in clause (c) below the Authority shall promptly pay to the Lender or such Noteholder, as the case may be, such additional amount or amounts as will compensate the Lender, the Lender's parent or holding company, or such Noteholder or such Noteholder's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Lender or any Noteholder setting forth the amount or amounts necessary to compensate the Lender, the Lender's parent or holding company, or any such Noteholder or such Noteholder's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section in reasonable detail setting forth the computation of such compensation (including the reason therefor), and delivered to the Authority, shall be conclusive absent manifest error. The Authority shall pay the Lender or any such Noteholder, as the case may be, the amount shown as due on any such certificate within sixty (60) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Lender or the Noteholder to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Lender's or the Noteholder's right to demand such compensation.

(e) *Participants.* Each Participant will be entitled to the benefits of this Section 7.01 to the same extent as if it were a direct party hereto and references to the Lender in this Section 7.01 will be deemed to refer to each Participant to the extent the Authority is notified in writing of such participation and such Participant complies with the provisions of Section 8.05(d) hereof in connection with its participation. Notwithstanding the foregoing, in no event shall the Authority be required to pay to any Participant any increased cost in excess of the amount the Authority would have paid to the Lender if the Lender had not entered into a participation with such Participant.

(f) *Survival.* Without prejudice to the survival of any other agreement of the District or the Authority hereunder, the agreements and obligations of the District and the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Loans, the Term Loans and the obligations of the District thereunder and hereunder.

Section 7.02. Taxes. (a) Any and all payments to the Lender or any Noteholder by the Authority hereunder or with respect to the Loans and Term Loans shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If the Authority shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Loans and/or Term Loans, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions, and (iii) the Authority shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section to or for the benefit of the Lender or such Noteholder

with respect to Indemnified Taxes and if the Lender or such Noteholder shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Lender or such Noteholder to any taxing jurisdiction in the United States of America then the Lender or such Noteholder shall pay to the Authority an amount equal to the amount by which such other taxes are actually reduced; *provided*, that the aggregate amount payable by the Lender or such Noteholder pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority with respect to such Indemnified Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or under the Loans, the Term Loans or from the execution or delivery of this Agreement or the Notes, or otherwise with respect to this Agreement, the Loans or the Term Loans (hereinafter referred to as “*Other Taxes*”). The Lender or such Noteholder shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by the Authority to the Lender or such Noteholder hereunder; *provided*, that the Lender or such Noteholder’s failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder.

(b) The Authority shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Lender or such Noteholder for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Lender or such Noteholder or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; *provided*, that the Authority shall not be obligated to pay the Lender or such Noteholder for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Lender or such Noteholder’s negligence or willful misconduct. The Lender or such Noteholder agrees to give notice to the Authority of the assertion of any claim against the Lender or such Noteholder relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Lender or such Noteholder’s failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section. Payments by the Authority pursuant to this Section shall be made within thirty (30) days from the date the Lender or such Noteholder makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Lender or such Noteholder agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by the Authority pursuant to this Section received by the Lender or such Noteholder for Indemnified Taxes or Other Taxes that were paid by the Authority pursuant to this Section and to contest, with the cooperation and at the expense of the Authority, any such Indemnified Taxes or Other Taxes which the Lender or such Noteholder or the Authority reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by the Authority, the Authority shall furnish to the Lender or such Noteholder, as applicable, the original or a copy of a receipt evidencing payment thereof.

(d) Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Loans, the Term Loans and the

obligations of the Authority thereunder and hereunder; *provided* that this paragraph (d) will not be deemed to extend any applicable statute of limitations. In no event shall taxes set forth herein be payable in respect of any period subsequent to the later of (i) the Termination Date, and (ii) the date on which no Note, or interest thereon, remains outstanding.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices. All notices, requests, consents and other communications to either party hereunder shall be in writing (including bank wire, facsimile transmission or similar writing) and shall be given to such party at its address or facsimile number set forth on the signature page hereof or at such other address or facsimile number as such party may hereafter specify for the purpose by at least five (5) Business Days' prior notice to the other party, unless otherwise described herein. Each such notice, request, consent or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Section and the appropriate answerback is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Lender under Article II or Article VII shall not be effective until received.

If to the Lender:

Wells Fargo Bank, National Association
[]

If to the District:

Calleguas Municipal Water District
2100 Olsen Road
Thousand Oaks, California 91360-6800
Attention: District Manager

If to the Authority:

Calleguas-Las Virgenes Public Financing Authority
2100 Olsen Road
Thousand Oaks, California 91360-6800
Attention: Treasurer

Section 8.02. No Waivers. No course of dealing and no delay or failure of the Lender in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise

thereof or of any other right, power or privilege. The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights or remedies which the Lender would otherwise have under any Related Documents, at law or in equity.

Section 8.03. Expenses; Documentary Taxes; Indemnification. (a) The Authority shall pay (i) reasonable out-of-pocket expenses of the Lender, including reasonable fees and disbursements of counsel for the Lender, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder, (ii) reasonable out-of-pocket expenses incurred by the Lender, including reasonable fees and disbursements of counsel, in connection with any Default or Event of Default, and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom and any workout or restructuring or negotiations in connection with the Loans. The District shall, to the extent permitted by law, indemnify and hold the Lender harmless (on a net after tax basis) from any present or future claim or liability for any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or the Notes.

(b) To the fullest extent permitted by applicable law, the Authority agrees to indemnify the Lender and each Noteholder and hold the Lender and each Noteholder harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind, including, reasonable attorney fees, which may be incurred by the Lender or such Noteholder by reason of the Authority's adoption of the Resolution or the execution, delivery or performance by the Authority of this Agreement or any other Related Document and the use or proposed use of proceeds of the Loans; *provided* that the Lender or such Noteholder shall not have the right to defense or be indemnified hereunder for its own gross negligence or willful misconduct. The agreements and obligations of the District contained in this Section shall survive the termination of this Agreement and the payment in full of the Loans, the Term Loans and the obligations of the District thereunder and hereunder subject to any applicable statute of limitations and limited to liabilities, losses, damages, costs and expenses arising from this Agreement.

(c) To the fullest extent permitted by applicable law, the District shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against the Lender or any Noteholder on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Loans, or the use of the proceeds thereof. Neither the Lender nor any Noteholder shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by the Lender or such Noteholder through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of the Lender or any Noteholder as determined by a final and nonappealable judgment of a court of competent jurisdiction.

Section 8.04. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the District, the Authority and the Lender, and unless, the Commitment shall have terminated, any party holding all or any portion of the Commitment; *provided* that no such amendment or waiver shall (i) increase the Commitment or shorten the duration of the Commitment or affect any right or remedy to terminate the Commitment without the written consent of each party affected thereby, (ii) reduce the principal amount of any Loan or Term Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Noteholder affected thereby; (iii) postpone the scheduled date of payment of the principal amount of any Loan or Term Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, without the written consent of each Noteholder affected thereby, or (iv) change any of the provisions of this Section.

Section 8.05. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the District and the Authority, its respective successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns as set forth herein. Neither the District nor the Authority may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender. Each Noteholder may, in its sole discretion and in accordance with applicable law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Loans and Notes and the Related Documents in accordance with the provisions of paragraph (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. The Lender may assign its obligations to advance or make Loans or Term Loans pursuant to the terms of this Agreement to any of its Affiliates, without the prior written consent of the District or the Authority. In addition, were the Lender to become a Noteholder, it (i) shall intend to hold any Loans and Notes for its own account and for an indefinite period of time, and (ii) shall hold any Loans and Notes for its own account and for an indefinite period of time and shall not dispose of all or any part of such Loans and Notes except to the extent as may be provided for in Section 8.05(c), 8.05(d) or 8.05(d) below.

(b) *Sales and Transfers by Noteholder to a Non-Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees each of which constitutes (i) an Affiliate of the Noteholder, (ii) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or “accredited investors” as defined in Rule 501 of Regulation D under the 1933 Act and (iii) a commercial bank organized under the laws of the United States, or any state thereof, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (b), of not less than \$5,000,000,000 (each a “Non-Lender Transferee”) all or a portion of the Loans and Notes if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Lender Transferee, together with addresses and related information with respect to the Non-Lender Transferee, shall have been given to the District and the Lender (if different than the Noteholder) by such selling Noteholder and Non-Lender Transferee and (B) the Non-Lender Transferee shall have delivered to the District

and the selling Noteholder, an investment letter in substantially the form delivered by the Lender on the Closing Date (the “*Investor Letter*”).

(c) *Participations.* (i) The Lender shall have the right to grant participations in all or a portion of the Lender’s interest in the Loans and Notes, this Agreement and the other Related Documents (on a participating basis but not as a party to this Agreement or any other Related Document) to one or more other banking institutions, without the consent of the District or the Authority (each, a “*Participant*”); *provided*, that the Lender shall give the District notice of the grant of any Participation upon the effectiveness thereof.

(d) *Certain Pledges.* The Lender may at any time pledge or grant a security interest in all or any portion of its rights under the Loans and Notes, this Agreement and the Related Documents to secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, the United States Treasury or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

Section 8.06. Governing Law; Venue; Waiver of Jury Trial. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF CALIFORNIA AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY’S ACTIONS TOOK PLACE IN THE STATE OF CALIFORNIA OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING

CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(d) The covenants and waivers made pursuant to this Section 8.06 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 8.07. Counterparts; Integration. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 8.08. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.09. Severability. The invalidity or unenforceability of anyone or more phrases, sentences, clauses, or Sections contained in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

Section 8.10. Government Regulations. The Lender is subject to the Patriot Act (as hereinafter defined) and hereby notifies the District and the Authority that pursuant to the requirements of the USA Patriot Act Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the District and the Authority, which information includes the name and address of the District and the Authority and other information that will allow the Lender, to identify the District and the Authority in accordance with the Patriot Act. The District and the Authority shall promptly provide such information on request by the Lender. The District and the Authority hereby agrees (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("*OFAC*"), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Lender from making any advance or extension of credit to the District and the Authority or from otherwise conducting business with the District and the Authority and (b) to ensure that the proceeds of the Loans and Notes shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.11. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the District and the Authority acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Lender are arm's-length commercial transactions between the District and the Authority, on the one hand, and the Lender, on the other hand, (ii) the District and the Authority has consulted its own legal, accounting, regulatory, tax, financial and other advisors to the extent it has deemed appropriate,

and (iii) the District and the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Lender is and has been acting solely as a principal for its own interests and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor (municipal, financial or otherwise), agent or fiduciary, for the District and the Authority, and has no fiduciary duty pursuant to Section .15B of the Securities Exchange Act of 1934 to the District and the Authority with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lender has provided other services or is currently providing other services to the District and the Authority on other matters), (ii) the Lender has no obligation to the District and the Authority with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents, (iii) the only obligations the Lender has to the District and the Authority with respect to this transaction are set forth in this Agreement; and (iv) the Lender is not recommending that the District and the Authority take an action with respect to the transaction described in this Agreement and the other Related Documents; and (c) the Lender may be engaged in a broad range of transactions that involve interests that differ from those of the District and the Authority, and the Lender has no obligation to disclose any of such interests to the District and the Authority.

Section 8.12. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties acknowledge and agree that this document and any related documents, and any amendments or waivers hereto or thereto, may be executed and delivered by facsimile, electronic copies in portable document format (“PDF”) or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means or by any digital or electronic signature process or program, and that any signature so delivered shall be treated as and have the same force and effect as an original signature, and copies of the same may be used and introduced as evidence at any legal proceedings including, without limitation, trials and arbitrations, relating to or arising under this document. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. Notwithstanding the foregoing, the Lender may, in its sole and exclusive discretion, also require delivery of this document and any related documents, and any amendments or waivers hereto or thereto, with an original signature for its records and two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

Section 8.13. Representation by Legal Counsel; Joint Preparation. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 8.14. Prior Understandings. This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

Section 8.15. Continuing Obligation. The obligations of the District and the Authority under this Agreement shall continue until the later of the date this Agreement terminates and the date upon which all amounts owing to the Lender, each Noteholder and each Participant hereunder and under the Notes shall have been paid in full, provided that the obligations of the District and the Authority to pay accrued but unpaid amounts pursuant to Article II and Article VIII hereof shall survive the termination of this Agreement. This Agreement shall be binding upon the District and the Authority and its successors and assigns and shall inure to the benefit of and be enforceable by the Lender and its successors, transferees and assigns, provided that the District and the Authority may not assign all or any part of this Agreement without the prior written consent of the Lender. Nothing contained in this Section shall be construed to be a waiver of any applicable statute of limitations.

Section 8.16. US QFC Stay Rules.

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Agreement or any related agreement, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

(c) *Definitions.* As used in this Section 8.17:

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(a) a “*covered entity*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “*covered bank*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “*covered FSI*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Insolvency Proceeding*” means a receivership, insolvency, liquidation, resolution, or similar proceeding.

“*U.S. Special Resolution Regime*” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Revolving Credit Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
Name: _____
Title: _____

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING
AUTHORITY

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF NOTICE OF BORROWING

[Date]

To: Wells Fargo Bank, National Association (the “*Lender*”)

[Address]

Re: Revolving Credit Agreement (the “*Agreement*”) dated as of February **[20]**, 2024 by and among Calleguas Municipal Water District, Calleguas-Las Virgenes Public Finance Authority, and the Lender

We hereby give notice, pursuant to Section 2.02(a) of the Agreement, of the following proposed Borrowing:

Date of Borrowing **[Date]**
Loan Principal Amount..... **[\$xx,xxx,xxx]**
Amount of Loans Outstanding..... **[\$xxx,xxx,xxx]**
Interest Payment Date..... **[Monthly]**
The Facility Maturity Date..... **[Date]**

The Proceeds of such Loan are to be transferred to the following account(s):

To: **[Wiring Information to Come]**

The Rate for such Loan is to be:

SOFR Index Rate

The Loan constituting such Borrowing is to be a Loan under the Revolving Note.

Terms used herein have the meanings assigned to them in the Agreement.

[CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
Name: _____
Title: _____

**CALLEGUAS-LAS VIRGENES PUBLIC
FINANCING AUTHORITY**

By: _____
Name: _____
Title: _____]

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE¹

This Compliance Certificate (this “*Certificate*”) is furnished to Wells Fargo Bank, National Association (the “*Lender*”) pursuant to the Revolving Credit Agreement dated as of [20], 2024 (the “*Agreement*”), by and among Calleguas Municipal Water District (the “*District*”), Calleguas-Las Virgenes Public Financing Authority (the “*Authority*”) and the Lender. Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

The undersigned hereby certifies that:

1. They are a Designated Representative of the District and/or the Authority;
2. No Default or Event of Default has occurred and is continuing; and
3. There has been no material adverse change (in the reasonable judgment of the District) in the financial condition of the District since [_____, 20__], from that date set forth in the District’s Annual Comprehensive Financial Report, as of, and for the period ended on, that date except as otherwise disclosed to the Lender in writing.

Described below are the exceptions, if any, to paragraph 2 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the District has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications in support hereof, are made and delivered this ___ day of _____, 20__.

[CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
Name: _____
Title: _____

**CALLEGUAS-LAS VIRGENES PUBLIC
FINANCING AUTHORITY**

By: _____
Name: _____
Title: _____]

¹ Financial covenants to be added after finalized in Section 5.09 and 5.14 of the Agreement.

EXHIBIT C

FORM OF REVOLVING NOTE

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
TRANSFER OF THIS NOTE IS RESTRICTED AS SET FORTH IN THE AGREEMENT

\$ _____

February __, 2024

For value received, CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY (the “*Authority*”), a political subdivision of the State of California, promises to pay, solely from the funds hereafter referred to, to Wells Fargo Bank, National Association (the “*Lender*”), in accordance with wire transfer instructions provided in the Agreement (hereinafter defined), (i) the principal sum of _____ dollars (\$ _____) or, if less, the aggregate unpaid principal amount of all Loans which are Loans bearing interest with respect to a SOFR Index Rate (or, if applicable, the Taxable Rate, the Default Rate, the Maximum Interest Rate or rate determined in accordance with Section 2.05(e) of the Agreement) made by the Lender to the Authority, payable at such times as are specified in the Agreement, and (ii) interest on the unpaid principal amount of each Loan which is a Loan bearing interest with respect to a SOFR Index Rate (or, if applicable, the Taxable Rate, the Default Rate, the Maximum Interest Rate or rate determined in accordance with Section 2.05(e) of the Agreement) made by the Lender, from the date of each such Loan related to the Authority until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Agreement, in lawful money of the United States of America, in federal or other immediately available funds, from the date hereof until this Note is paid in full, in like money and funds at such office.

The Authority promises to make all other payments owed by it under the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is subject to prepayment, and amounts prepaid prior to the last day of the Revolving Credit Period may be reborrowed, all pursuant to the terms and under the conditions of the Revolving Credit Agreement dated as of February [20], 2024 (as amended, restated, or otherwise modified from time to time in accordance with its terms, the “*Agreement*”), by and the Authority, Calleguas-Las Virgenes Public Finance Authority, and the Lender. Reference is made to the Agreement for provisions as to the prepayment hereof and for reborrowing. Reference is also made to the Agreement for provisions providing for additional interest and other amounts to be payable under certain circumstances. If the Noteholder enforces this Note upon a default, the Authority shall reimburse the Noteholder for reasonable costs and expenses incurred by the Noteholder in collection, including reasonable attorneys’ fees and expenses as set out in Section 2.06 and 8.03 of the Agreement. This Note shall be construed in accordance with and governed by the internal laws of the State of California.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand, notice,

protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

This Note, including the interest hereon, is payable solely from payments made by the District to the Authority pursuant to the Subordinate Installment Purchase Agreement as set forth in Section 2.14 of the Agreement. This Note does not constitute a general obligation or indebtedness of the Authority within the meaning of any constitutional, charter, or statutory limitations or provisions (and the Noteholder hereof shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this Note). Further reference is made to the Agreement for the provisions relating to the security of this Note and the duties and obligations of the Authority.

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Signature Page to Follow]

Made and executed at _____, California, as of the date and year first above written.

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING
AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF TERM NOTE

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
TRANSFER OF THIS NOTE IS RESTRICTED AS SET FORTH IN THE AGREEMENT

\$ _____

Date

For value received, CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY (the “*Authority*”), a political subdivision of the State of California, promises to pay, solely from the funds hereafter referred to, to Wells Fargo Bank, National Association (the “*Lender*”), in accordance with wire transfer instructions provided in the Agreement (hereinafter defined), (i) the principal sum of _____ dollars (\$ _____) or, if less, the aggregate unpaid principal amount of the Term Loan that is a Loan that refunded the Loans made by the Lender to the Authority, payable at such times as are specified in the Agreement, and (ii) interest on the unpaid principal amount of the Term Loan that is a Loan that refunded the Loans made by the Lender, from the date of such Term Loan related to the Authority until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Agreement, in lawful money of the United States of America, in federal or other immediately available funds, from the date hereof until this Note is paid in full, in like money and funds at such office.

The Authority promises to make all other payments owed by it under the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is subject to prepayment, all pursuant to the terms and under the conditions of the Revolving Credit Agreement dated as of [20], 2024 (as amended, the “*Agreement*”), by and among the Authority, Calleguas-Las Virgenes Public Finance Authority, and the Lender. Reference is made to the Agreement for provisions as to the prepayment hereof. Reference is also made to the Agreement for provisions providing for additional interest and other amounts to be payable under certain circumstances. If the Noteholder enforces this Note upon default, the Authority shall reimburse the Noteholder for reasonable costs and expenses incurred by the Noteholder in collection, including reasonable attorneys’ fees and expenses as set out in Section 2.06 and 8.03 of the Agreement. This Note shall be construed in accordance with and governed by the internal laws of the State of California.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

This Note, including the interest hereon, is payable solely from payments made by the District to the Authority pursuant to the Subordinate Installment Purchase Agreement as set forth

in Section 2.14 of the Agreement. This Note does not constitute a general obligation or indebtedness of the Authority within the meaning of any constitutional, charter, or statutory limitations or provisions (and the Noteholder hereof shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this Note). Further reference is made to the Agreement for the provisions relating to the security of this Note and the duties and obligations of the Authority.

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Signature Page to Follow]

Made and executed at _____, California, as of the date and year first above written.

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING
AUTHORITY

By: _____

Name: _____

Title: _____

EXHIBIT J

FORM OF REQUEST FOR TERM LOAN

[Date]

Wells Fargo Bank, National Association
[Address]

Ladies and Gentlemen:

Reference is hereby made to that certain Revolving Credit Agreement dated as of February [20], 2024 (as amended, restated, or otherwise modified from time to time in accordance with its terms, the “*Credit Agreement*”), by and among Calleguas Municipal Water District (the “*District*”), Calleguas-Las Virgenes Public Financing Authority, and Wells Fargo Bank, National Association (the “*Lender*”). All capitalized terms contained herein which are not specifically defined shall have the meanings assigned to such terms in the Credit Agreement.

The Authority (with the approval of the District) hereby requests, pursuant to Section 2.12(a) of the Credit Agreement, to convert all Loans outstanding on the Facility Maturity Date to Term Loans evidenced and payable as provided in Section 2.12 of the Credit Agreement.

In connection with such request, the District hereby represents and warrants that:

(a) no Default or Event of Default described in Section 6.01 of the Agreement shall have occurred and be continuing, or would result therefrom; and

(b) representations and warranties of the District set forth in Article IV.A of the Credit Agreement and the Authority set forth in Article IV.B of the Credit Agreement are true and correct in all material respects as if made on the date that is the thirtieth (30th) day immediately succeeding the Facility Maturity Date.

We have enclosed along with this request the following information:

1. the outstanding amount of the Loans on the date hereof;
2. any other pertinent information previously requested by the Lender.

Very truly yours,

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING
AUTHORITY

By: _____
Name: _____
Title: _____

APPROVED BY:

CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
Name: _____
Title: _____

FEE AGREEMENT

This FEE AGREEMENT is entered into as of February [20], 2024 (as amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, the “*Fee Agreement*”). Reference is hereby made to that certain Revolving Credit Agreement dated as of February [20], 2024 (as amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms, the “*Agreement*”), by and among CALLEGUAS MUNICIPAL WATER DISTRICT (the “*District*”), CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY (the “*Authority*”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns (the “*Lender*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Agreement is to confirm the agreement among the Lender, the District and the Authority with respect to the Commitment Fees and Applicable Spread (each as defined below) and certain other fees payable by the Authority to the Lender. This Fee Agreement is the Fee Agreement referenced in the Agreement and the terms of this Fee Agreement are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement among the District, the Authority, and the Lender, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I

FEES

Section 1.1. Commitment Fees. (a) The Authority agrees to pay to the Lender a nonrefundable commitment fee (the “*Commitment Fee*”) payable quarterly in arrears with the first payment being due on April 1, 2024 (for the period commencing on the Closing Date and ending on March 31, 2024), and thereafter on the first Business Day of each July, October, January and April to and including the Termination Date, and on the Termination Date, equal to the product of the rate per annum (the “*Commitment Fee Rate*”) for each day in the related fee period then-ending, in an amount equal to the product of the rate per annum specified below (the “*Commitment Fee Rate*”) corresponding to the applicable Rating (as hereinafter defined) set forth in the applicable Level in the pricing matrix below for each such day during the related fee period multiplied by the unused portion of the Commitment for each such day during each related fee period:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
1	Aa2 or above	AA or above	AA or above	0.270%
2	Aa3	AA-	AA-	0.295%
3	A1	A+	A+	0.345%
4	A2	A	A	0.395%
5	A3	A-	A-	0.445%
6	Baa1	BBB+	BBB+	0.595%
7	Baa2	BBB	BBB	0.845%

(b) The term “Rating” as used in the pricing matrix above shall mean the lowest long-term unenhanced debt ratings assigned by each of the Rating Agencies to any Parity Obligations (to the extent that such Rating Agency is maintaining a rating on Parity Obligations) (without giving effect to any bond insurance or other credit enhancement thereon). In the event (i) all three Rating Agencies provide a Rating, the Commitment Fee Rate shall be based on the Level corresponding to the lowest Rating, (ii) only two Rating Agencies provide a Rating and there is a split Rating (i.e., one of the Rating Agency’s Ratings is at a different level than the Rating of the other Rating Agency), the Commitment Fee Rate shall be based on the Level corresponding to the lower Rating and (iii) only one Rating Agency provides a Rating, the Commitment Fee Rate shall be based on the Level corresponding to such Rating (for the avoidance of doubt, Level 7 is the lowest Level, and Level 1 is the highest Level for purposes of the above pricing matrix). Any change in the Commitment Fee Rate resulting from an Event of Default or change, withdrawal, suspension or unavailability of a Rating shall be and become effective as of and on the date of the Event of Default or the announcement of the change, withdrawal, suspension or unavailability of such Rating, as applicable. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating of any general obligation bonds of the District in connection with the adoption of a “global” rating scale, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The District represents that as of the Closing Date, the Commitment Fee Rate is that specified above for Level 1. Upon the occurrence and during the continuance of an Event of Default, or if any Rating falls below “Baa2” (or its equivalent) by Moody’s, “BBB” (or its equivalent) by Fitch or “BBB” (or its equivalent) by S&P, or in the event any Rating is suspended, withdrawn or otherwise unavailable, the Commitment Fee Rate shall immediately and without notice equal the sum of the Commitment Fee Rate set forth in Level 7 above *plus* 1.00%.

Section 1.2. Amendment Fee. The Authority also hereby agrees to pay to the Lender within thirty (30) days of the date any amendment to the Agreement is entered into between the parties to the Agreement, an amendment fee in an amount agreed to by the Authority, the District and the Lender plus the reasonable fees of any legal counsel retained by the Lender in connection therewith; *provided* that an amendment providing for the extension of the Facility Maturity Date only shall not require payment of an amendment fee as contemplated in this Section 1.2.

Section 1.3. Termination or Reduction Fee. In the event the Agreement is terminated or the Commitment is permanently reduced for any reason prior to the first anniversary of the Closing Date, the Authority agrees to pay the Lender on such termination date or reduction date, as applicable, in addition to all other obligations of the Authority and/or the District that may be due and payable at such time, a termination fee (“*Termination Fee*”) or reduction fee (“*Reduction Fee*”), as applicable, in each case, equal to the Commitment Fee which would have been payable to the Lender from (and including) such termination date or reduction date through and including the first anniversary of the Closing Date, calculated at the time of such termination or reduction on the basis of (i) the Commitment Fee Rate in effect on the date of termination or reduction multiplied by (ii) (A) in the event of termination, the then applicable Commitment of the Lender and (B) in the event of reduction, the difference between the Commitment of the Lender immediately prior to such reduction and the Commitment of the Lender immediately after such reduction, multiplied by (iii) a fraction, the numerator of which is the number of days from and including the date of such termination or reduction to and including the first anniversary of the Closing Date, and the denominator of which is 360. No termination of the Agreement or reduction of Commitment shall become effective unless all amounts payable by the Authority to the Lender pursuant to this Fee Agreement and Article VII of the Agreement have been paid in full.

Section 1.4. Applicable Spread. For purposes of the Agreement, “*Applicable Spread*” means a rate per annum associated with the Level corresponding to the Ratings, as specified below.

LEVEL	MOODY’S RATING	S&P RATING	FITCH RATING	APPLICABLE SPREAD FOR TAX-EXEMPT LOANS
1	Aa2 or above	AA or above	AA or above	0.840%
2	Aa3	AA-	AA-	0.915%
3	A1	A+	A+	1.065%
4	A2	A	A	1.215%
5	A3	A-	A-	1.365%
6	Baa1	BBB+	BBB+	1.615%
7	Baa2	BBB	BBB	1.965%

The term “*Rating*” as used in the pricing matrix above shall mean the lowest long-term unenhanced debt ratings assigned by each of the Rating Agencies to any Parity Obligation (to the extent that such Rating Agency is maintaining a rating on Parity Obligations) (without giving effect to any bond insurance or other credit enhancement thereon). In the event (i) all three Rating Agencies provide a Rating, the Applicable Spread shall be based on the Level corresponding to the lowest Rating, (ii) only two Rating Agencies provide a Rating and there is a split Rating (i.e., one of the Rating Agency’s Ratings is at a different level than the Rating of the other Rating Agency), the Applicable Spread shall be based on the Level corresponding to the lower Rating and (iii) only one Rating Agency provides a Rating, the Applicable Spread shall be based on the Level corresponding to such Rating (for the avoidance of doubt, Level 7 is the lowest Level, and Level 1 is the highest Level for purposes of the above pricing matrix). Any change in the Applicable

Spread resulting from an Event of Default or change, withdrawal, suspension or unavailability of a Rating shall be and become effective as of and on the date of the Event of Default or the announcement of the change, withdrawal, suspension or unavailability of such Rating, as applicable. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating of any Parity Obligation of the District in connection with the adoption of a “global” rating scale, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The District represents that as of the Closing Date, the Applicable Spread is that specified above for Level 1.

ARTICLE II

MISCELLANEOUS

Section 2.1. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the District, the Authority, and the Lender.

Section 2.2. Governing Law; Venue. (a) THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

Section 2.3. Counterparts. This Fee Agreement may be executed in multiple counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.4. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. Electronic Signatures. The parties agree that the electronic signature of a party to this Fee Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Fee Agreement. The parties acknowledge and agree that this document and any related documents, and any amendments or waivers hereto or thereto, may be executed and delivered by facsimile, electronic copies in portable document format (“PDF”) or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means or by any digital or electronic signature process or program, and that any signature so delivered shall be treated as and have the same force and effect as an original signature, and copies of the same may be used and introduced as evidence at any legal proceedings including, without limitation, trials and arbitrations, relating to or arising under this document. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the

business records exception to the hearsay rule. Notwithstanding the foregoing, the Lender may, in its sole and exclusive discretion, also require delivery of this document and any related documents, and any amendments or waivers hereto or thereto, with an original signature for its records and two or more duplicate originals of this Fee Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

Section 2.6. Representation by Legal Counsel; Joint Preparation. The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

Section 2.6. No Disclosure. Unless required by law, neither the Authority nor the District shall deliver or permit, authorize or consent to the delivery of this Fee Agreement to any Person or for posting on the Electronic Municipal Market Access website as provided by the Municipal Securities Rulemaking Board unless the Lender provides its prior written consent.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
Name: _____
Title: _____

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING
AUTHORITY

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

SUBORDINATE INSTALLMENT PURCHASE AGREEMENT

Dated as of February 1, 2024

by and between

**CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY,
as Seller**

and

**CALLEGUAS MUNICIPAL WATER DISTRICT,
as Purchaser**

Relating to the:

**\$20,000,000
CALLEGUAS-LAS VIRGENES PUBLIC FINANCING
AUTHORITY CREDIT FACILITY**

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SUBORDINATE INSTALLMENT PURCHASE AGREEMENT

THIS SUBORDINATE INSTALLMENT PURCHASE AGREEMENT, dated as of February 1, 2024 (the “Agreement”), by and between the CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “Authority”), and the CALLEGUAS MUNICIPAL WATER DISTRICT, a municipal water district duly organized and existing under the laws of the State of California (the “District”),

WITNESSETH:

WHEREAS, the District owns and operates that certain water and supply, treatment, storage and distribution system referred to herein as the “System”; and

WHEREAS, the Authority is a joint exercise of powers authority (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Joint Exercise of Powers Act (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) (the “Act”) and the powers of such Authority include the power to incur debts, liabilities or obligations for any of its corporate purposes; and

WHEREAS, for the purpose of making certain capital improvements to the System constituting the 2024 Project (defined herein), the District has requested the assistance of the Authority in financing such capital improvements, as authorized under the District’s Master Resolution No. 823, adopted November 6, 1991, as amended (the “Master Resolution”), pursuant to which the District may enter into this Subordinate Installment Purchase Agreement payable out of Net Operating Revenues (as defined in the Master Resolution) of the District after the prior payment of all amounts then due, required to be paid or set aside under the Master Resolution from Net Operating Revenues for the payment of Parity Obligations (as defined in the Master Resolution); and

WHEREAS, the Authority is authorized to incur indebtedness to finance the improvement and acquisition of public capital improvements such as the 2024 Project; and

WHEREAS, the District is authorized by Division 20 of the Water Code of the State of California, including but not limited to Section 71690 and 71691 thereof, to acquire and construct facilities such as the 2024 Project for its System; and

WHEREAS, the Authority has approved the execution of a Credit Facility among the Authority, the District and Wells Fargo Bank National Association (the “Bank”), dated as of February 1, 2024 (the “Credit Facility”), pursuant to which the Bank has agreed to provide to the Authority, on a revolving basis, up to \$20 million in funds to pay the costs of the 2024 Project; and

WHEREAS, the District has determined that it is necessary and desirable to enter into this Agreement pursuant to which the District is to purchase the 2024 Project in consideration for Installment Payments equal in time and amount to payments required to be made by the Authority pursuant to the Credit Facility as and when due thereunder; and

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

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement shall have the respective meanings specified in the Credit Facility or in the Master Resolution. In addition, the following terms defined in this Section 1.1 shall, for all purposes of this Agreement, have the respective meanings herein specified.

“Acquisition and Construction” means, with respect to any component of the 2024 Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof.

“Acquisition Costs” means, with respect to any of the 2024 Project, all costs of the Acquisition and Construction thereof, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the Acquisition and Construction of the 2024 Project;

(b) obligations incurred for labor and materials in connection with the Acquisition and Construction of the 2024 Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Acquisition and Construction of the 2024 Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper Acquisition and Construction of the 2024 Project;

(e) any sums required to reimburse the Authority or the District for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Acquisition and Construction of the 2024 Project; and

(f) all financing costs incurred in connection with the Acquisition and Construction of the 2024 Project, including but not limited to Acquisition and Construction of other costs incurred in connection with this Agreement and the financing of the 2024 Project.

“Additional Payments” means the amounts payable by the District pursuant to Section 4.6.

“Agreement” means this Subordinate Installment Purchase Agreement, together with any duly authorized and executed amendments hereto.

“Bank” means Wells Fargo Bank National Association.

“Credit Facility” means that certain Revolving Credit Agreement among the Authority, the District and the Bank, dated as of February 1, 2024, as amended, supplemented, restated or otherwise modified from time to time.

“Event of Default” means any of the events described in Section 8.1.

“Installment Payment Dates” means the dates on which Installment Payments are required to be made, as set forth in Section 4.3.

“Installment Payments” means the amounts payable by the District pursuant to Sections 4.2 and 4.3, including any prepayments thereof pursuant to Article IX.

“Law” means the Municipal Water District Law of 1911 of the State of California, being Division 20 of the Water Code of the State of California, as amended.

“Purchase Price” means the principal amount to be paid from time to time by the District to the Authority hereunder as the purchase price of the 2024 Project, being equal to the aggregate principal amount of drawings outstanding pursuant to the Credit Facility, plus interest thereon, in each case as provided for in the Credit Facility.

“Subordinate Net Operating Revenues” means, at any time the same are to be determined, Net Operating Revenues of the District after the prior payment of all amounts then due, required to be paid or set aside under the Master Resolution from Net Operating Revenues for the payment of Parity Obligations (as defined in the Master Resolution).

“Subordinate Obligations” means all obligations incurred by the District from time to time, the payment of which is secured by a pledge of Subordinate Net Operating Revenues on a parity with this Agreement. For certainty, Subordinate Obligations includes the District’s obligations pursuant to this Agreement to pay all Installment Payments and all Additional Payments.

“Tax Certificate” means the Tax Certificate dated the date of Credit Facility, concerning certain matters pertaining to the use and investment of proceeds of the draws on the Credit Facility executed by and delivered to the District, including any and all exhibits attached thereto.

“Term of this Agreement” means the time during which this Agreement is in effect, as provided in Section 4.1.

“2024 Project” means the projects and improvements to the System described in Exhibit A attached hereto, as such description may be amended by the District from time to time pursuant to and in accordance with Section 3.1.

ARTICLE II COVENANTS AND REPRESENTATIONS

Section 2.1 Covenants and Representations of the District. The District makes the following covenants and representations to the Authority that, as of the Closing Date:

(a) The District is a municipal water district duly organized and validly existing under the laws of the State, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions on its part contemplated hereby, by proper action has duly authorized

the execution and delivery of this Agreement, and has complied with all provisions of the Law in all matters relating to such transactions.

(b) The representatives of the District executing this Agreement are fully authorized to execute the same.

(c) This Agreement has been duly authorized, executed and delivered by the District, and constitutes the legal, valid and binding agreement of the District, enforceable against the District in accordance with its terms.

(d) The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its facilities are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, facilities or operations of the System.

(e) No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or threatened against or affecting the District or the System which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition or operation of the System, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, or the financial condition or operations of the System.

(g) The District has heretofore established the Revenue Fund into which the District deposits and will continue to deposit all Operating Revenues, and which the District will maintain throughout the Term of this Agreement.

(h) Other than Parity Obligations, there are no outstanding bonds, notes, loans, leases, installment sale agreements or other obligations which have any security interest in the Operating Revenues or the Net Operating Revenues, which security interest or claim is superior to the Installment Payments. Other than this Agreement, there are no outstanding Subordinate Obligations.

(i) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire the 2024 Project in the manner provided

for in this Agreement, in order to provide essential services and facilities to persons residing in the District.

(j) The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to the Credit Facility.

Section 2.2 Parity Obligations of the District. The Authority acknowledges that the District has previously entered into, and may from time to time enter into in the future, Parity Obligations, as defined in the Master Resolution and that amounts payable by the District hereunder are payable from Subordinate Net Operating Revenues. Nothing contained herein shall, by itself, preclude the District from issuing additional Parity Obligations under the Master Resolution.

Section 2.3 Covenants and Representations of the Authority. The Authority makes the following covenants and representations as the basis for its undertakings herein contained:

(a) The Authority is a joint exercise of powers authority, duly organized and existing under the laws of the State. The Authority has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper action of its governing body, the Authority has been duly authorized to execute, deliver and duly perform its obligations under this Agreement and the Credit Facility.

(b) To effect the financing of the 2024 Project, the Authority will enter into the Credit Facility, pursuant to which the Authority may from time to time draw amounts as set forth therein. The principal amount outstanding pursuant to the Credit Facility from time to time will mature, bear interest and be subject to prepayment as set forth in the Credit Facility. Pursuant to the Credit Facility, certain of the Authority's interests in this Agreement have been assigned to the Bank as security for payment by the Authority of the amounts payable thereunder.

(c) The Authority is not in default under any of the provisions of the laws of the State, which default would affect its existence or its powers referred to in subsection (a) of this Section.

ARTICLE III ACQUISITION AND CONSTRUCTION OF FACILITIES

Section 3.1 Acquisition and Construction of the 2024 Project.

(a) The Authority hereby agrees to cause the 2024 Project and any additions or modifications thereto to be constructed, acquired and installed by the District as its agent. The District shall enter into contracts and provide for, as agent for the Authority, the complete design, construction, acquisition and installation of the 2024 Project in accordance with all applicable laws. The District hereby agrees that it will cause the construction, acquisition and installation of the 2024 Project to be diligently performed. The District shall have the right from time to time in its sole discretion to amend the description of the 2024 Project to be financed and improved hereunder. In order to exercise such right, the District shall file with the Authority an amended Exhibit A hereto.

(b) In order for the District to carry out its obligation under Section 3.1(a), the Authority agrees that it shall make drawings under the Credit Facility at such times and in such amounts as directed by the District. The District shall establish a 2024 Project Fund, into which any funds so drawn by the Authority and paid to the District shall be deposited. The District shall only utilize the

amounts in the 2024 Project Fund for payment of Acquisition Costs, and shall maintain records of the specific use of amounts in the 2024 Project Fund, including such information as is necessary to comply with the requirements of the Tax Certificate.

Section 3.2 Purchase of the 2024 Project. In consideration for the Installment Payments, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the 2024 Project at the purchase price that is specified in Section 4.2 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.3 Title. Each component of the 2024 Project shall vest in the District immediately upon acquisition or commencement of construction thereof. Such vesting shall occur without further action by the Authority or the District, and the Authority shall, if requested by the District or if necessary, to assure such automatic vesting, deliver any and all documents which are required to assure and evidence such vesting.

Section 3.4 Grant of Easements. The District hereby grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the District, as may be necessary or convenient to enable the Authority to acquire, construct and install the 2024 Project thereon or thereabouts. The District covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.5 Appointment of District as Agent of the Authority. The Authority hereby appoints the District as its agent to carry out all phases of the Acquisition and Construction of the 2024 Project pursuant to and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the Acquisition and Construction of the 2024 Project. The Authority, or the District as agent of the Authority hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the Acquisition and Construction of the 2024 Project. All contracts for, and all work relating to, the Acquisition and Construction of the 2024 Project shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like facilities and property by the District.

ARTICLE IV
TERM; PURCHASE PRICE; INSTALLMENT PAYMENTS;
PLEDGE OF SUBORDINATE NET REVENUES

Section 4.1 Term. The Term of this Agreement shall commence on the Closing Date, and shall end on the date on which the District shall have paid all of the Installment Payments and all other amounts due and payable hereunder.

Section 4.2 Purchase Price.

(a) The Purchase Price to be paid by the District hereunder to the Authority 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 IX.

(b) The principal amount of the Purchase Price to be made by the District hereunder is equal to the aggregate amount of Loans to the Authority outstanding from time to time pursuant to the Credit Facility.

(c) The interest to accrue on the unpaid principal amount of the Purchase Price shall be equal to the interest payable with respect to the aggregate amount of Loans to the Authority outstanding from time to time pursuant to the Credit Facility as provided in the Credit Facility, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder.

Section 4.3 Installment Payments.

(a) Obligation to Pay. The District agrees to pay to the Authority, its successors and assigns, but solely from Subordinate Net Operating Revenues, the Installment Payments. The Installment Payments shall be payable on or before each date on which the Authority is obligated to pay the principal of and interest on the Loans in accordance with the Credit Facility, and shall be equal to the amounts required to be paid by the Authority pursuant to the Credit Facility at such times and in such amounts as specified in the Credit Facility. The Installment Payments shall be paid by the District directly to the Bank, as assignee of the Authority pursuant to the Credit Facility.

(b) Assignment. The District understands and agrees that all Installment Payments have been irrevocably assigned by the Authority to the Bank for the benefit of the Bank, and the District hereby irrevocably consents to such assignment. The Authority hereby directs the District, and the District hereby agrees, to pay to the Bank pursuant to the instructions set forth in the Credit Facility, all amounts payable by the District hereunder.

Section 4.4 Pledge of Subordinate Net Operating Revenues.

(a) The Net Operating Revenues of the System shall be received and deposited by the District in accordance with the terms of the Master Resolution. On or before each Installment Payment Date, after the prior payment of all amounts then due, required to be paid or set aside under the Master Resolution from Net Operating Revenues for the payment of Parity Obligations, the District shall pay from Subordinate Net Operating Revenues the amount of the Installment Payments coming due on the next succeeding Installment Payment Date, together with all Additional Payments then due and payable, and pay the same to the Bank as assignee of the Authority.

(b) The Subordinate Net Operating Revenues are hereby irrevocably pledged by the District to secure the punctual payment of amounts payable by the District pursuant to any Subordinate Obligations (including all obligations of the District under this Agreement), in accordance with their respective terms, and shall not be used for any other purpose, except as provided in Sections 3.09 and 3.10 of the Master Resolution, as in effect as of the date of this Agreement, while any Subordinate Obligations remain outstanding. The pledge of Subordinate Net Operating Revenues herein made shall be irrevocable until all of the Subordinate Obligations are no longer Outstanding. Said pledge of Subordinate Net Operating Revenues shall constitute a first lien on the Subordinate Net Operating Revenues and shall be valid and binding from and after execution of this Agreement, without any physical delivery thereof or further act. The Subordinate Net Operating Revenues hereby pledged to the payment of Subordinate Obligations shall be applied without priority or distinction of one over the other.

(c) The District shall not enter into any additional Subordinate Obligations without the prior written consent of the Bank.

Section 4.5 Special Obligation of the District; Obligations Absolute. The District's obligation to pay the Installment Payments, the Additional Payments and any other amounts coming due and payable hereunder shall be a special obligation of the District limited solely to the Subordinate Net Operating Revenues. Under no circumstances shall the District be required to advance moneys derived from any source of income other than the Subordinate Net Operating Revenues, nor shall any other funds or property of the District be liable for the payment of the Installment Payments, the Additional Payments or any other amounts coming due and payable hereunder.

The obligations of the District to make the Installment Payments and the Additional Payments from the Subordinate Net Operating Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District of the Authority of any obligation to the District or otherwise with respect to the System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority. The District hereby acknowledges that its obligation to make Installment Payments and Additional Payments hereunder is absolute and unconditional, free of deductions and without abatement, offset, recoupment, diminution or set-off whatsoever. Until such time as all of the Installment Payments, all of the Additional Payments and all other amounts coming due and payable hereunder shall have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate the Term of this Agreement for any reason, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the System, failure to complete the Acquisition and Construction of any component of the 2024 Project, sale of the System, the taking by eminent domain of title to or temporary use of any component of the System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Credit Facility or this Agreement.

Section 4.6 Additional Payments. In addition to the Installment Payments, the District shall pay when due all other amounts payable by the Authority pursuant to the Credit Facility, including but not limited to all fees, and costs and expenses incurred by the Authority in complying with the provisions of the Credit Facility. The rights of the Authority and the obligations of the District under this Section shall survive the termination of this Agreement.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1 Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Agreement, all Operation and Maintenance Expenses of the System shall be the responsibility of the District, and, pursuant to the Master Resolution, the District shall pay for or otherwise arrange for the payment of all Operation and Maintenance Expenses.

The District shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the District affecting the System to any extent or the respective

interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the Term of this Agreement as and when the same become due. The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the District that, in its opinion, by nonpayment of any such items, the interest of the Authority hereunder or under the Credit Facility will be materially adversely affected, in which event the District shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.2 Operation of System. The District covenants and agrees to operate the System in an efficient and economical manner and to operate, maintain and preserve the System in good repair and working order. The District covenants that, in order to fully preserve and protect the priority and security of its obligations hereunder, the District shall pay from the Operating Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the System which, if unpaid, may become a lien or charge upon the Operating Revenues or the Net Operating Revenues prior or superior to the lien granted hereunder, or which may otherwise impair the ability of the District to pay the Installment Payments in accordance herewith.

Section 5.3 Public Liability and Property Damage Insurance. The District shall maintain or cause to be maintained, throughout the Term of this Agreement, but only if and to the extent available at reasonable cost from reputable insurers, a standard comprehensive general insurance policy or policies in protection of the Authority, the District and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the System. Said policy or policies shall provide coverage with such liability limits and shall be subject to such deductibles as shall be customary with respect to works and property of a like character. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District, and may be maintained in whole or in part in the form of self-insurance by the District, or in the form of the participation by the District in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds shall have been paid.

Section 5.4 Casualty Insurance. The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement, but only in the event and to the extent available from reputable insurers at reasonable cost, casualty insurance against loss or damage to any improvements constituting any part of the System, covering such hazards as are customarily covered with respect to works and property of like character. Such insurance may be subject to deductible clauses which are customary for works and property of a like character. Such insurance may be maintained as part of or in conjunction with any other casualty insurance carried by the District and may be maintained in whole or in part in the form of self-insurance by the District, or in the form of the participation by the District in a joint powers agency or other program providing pooled insurance. The District shall pay or cause to be paid when due the premiums for all insurance policies required by this Agreement.

Section 5.5 Records and Accounts. The District shall keep proper books of record and accounts of the System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the System. Said books shall, upon prior request, be subject to the reasonable inspection by the Bank, or their representatives authorized in writing. The District shall cause the books and accounts of the System to be audited annually by an Independent Accountant, not more than one hundred eighty (180) days after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Bank at the office of the District.

Section 5.6 Covenant to Maintain Tax-Exempt Status. Notwithstanding any other provision of this Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest component of the Installment Payments will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Internal Revenue Code which are necessary to preserve such exclusion from gross income with respect to the Installment Payments and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action, and the District will make no use of the proceeds of the draws on the Credit Facility or of any other moneys or property, which would cause the Installment Payments 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 draws on the Credit Facility or of any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, which will cause the Installment Payments 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 draws on the Credit Facility, and the District will not take or omit to take any action, that would cause the Installment Payments 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 which is necessary to preserve the exclusion of interest on the interest component of the Installment Payments pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the draws on the Credit Facility or any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, that would cause the Installment Payments 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 the interest component of the Installment Payments for federal income tax purposes; and

(f) Miscellaneous. The District will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the execution and delivery of the Credit Facility and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the District from incurring Subordinate Obligations, the interest with respect to which has been determined to be subject to federal income taxation.

Section 5.7 Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Authority the rights and benefits provided herein and in the Credit Facility.

Section 5.8 No Amendments to Master Resolution. The District covenants and agrees not to amend or supplement the Master Resolution during the Term hereof except as provided for in the Master Resolution.

ARTICLE VI DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1 Disclaimer of Warranties. The Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the 2024 Project, or any other representation or warranty with respect to the 2024 Project. In no event shall the Authority be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Agreement or the Credit Facility for the existence, furnishing, functioning or District's use of the 2024 Project.

Section 6.2 Access to the System. The District agrees that the Authority and any duly authorized representative thereof, shall have the right at all reasonable times to enter upon and to examine and inspect the System. The District further agrees that the Authority, and any duly authorized representative thereof, shall have such rights of access to the System as may be reasonably necessary to cause the proper maintenance of the System in the event of failure by the District to perform its obligations hereunder.

Section 6.3 Release and Indemnification Covenants. The District to the extent permitted by law shall and hereby agrees to indemnify and save the Authority, the Las Virgenes Municipal Water District and the Bank, and their respective officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the System by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Agreement, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the System, (d) any act or gross negligence of any sublessee of the District with respect to the System, (e) the Acquisition and Construction of the 2024 Project or the authorization of payment of the Acquisition Costs, or (f) the performance by the Bank of its duties and obligations under the Credit Facility. No indemnification is made under this Section or elsewhere in this Agreement for willful misconduct or negligence by the Authority, the Las Virgenes Municipal Water District or the Bank, or their respective officers, employees, successors or assigns. The rights of the Authority, the Las Virgenes Municipal Water District and the Bank and the obligations of the District under this Section 6.3 shall survive the termination of this Agreement.

Section 6.4 Non-Liability of Authority for System Obligations. The Authority and its successors and assigns shall have no obligation and shall incur no liabilities or debts whatsoever for the obligations, liabilities and debts of the District incurred in connection with the System.

ARTICLE VII ASSIGNMENT, SALE AND AMENDMENT

Section 7.1 Assignment by the Authority. The Authority's rights under this Agreement, including the right to receive and enforce payment of the Installment Payments and Additional Payments to be made by the District under this Agreement have been irrevocably pledged and assigned to the Bank pursuant to the Credit Facility, to which pledge and assignment the District hereby consents.

Section 7.2 Assignment by the District. The District may not assign any of its rights hereunder.

Section 7.3 Sale of System Property. Except as provided herein, the District covenants that the System shall not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole. Neither the Net Operating Revenues nor any other funds pledged or otherwise made available to secure payment of the Installment Payments shall be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed or used except as authorized by the terms of this Agreement. The District shall not enter into any agreement which impairs the operation of the System or any part of it necessary to secure adequate Net Operating Revenues to pay the Installment Payments, or which otherwise would impair the rights of the Bank under the Credit Facility, owners of any Subordinate Obligations and the owners of any Parity Obligations with respect to the Net Operating Revenues, or the rights of the Authority hereunder.

Section 7.4 Amendment Hereof. The District and the Authority shall not have the right to modify or amend this Agreement, without the prior written consent of the Bank, unless otherwise permitted by the Credit Facility, but in every case only if such amendment or modification, in the opinion of Bond Counsel, does not cause interest represented by the Installment Payments to fail to be excluded for purposes of section 103(a) of the Code from gross income of the Bank.

ARTICLE VIII EVENTS OF DEFAULT

Section 8.1 Events of Default Defined. The following events shall be Events of Default hereunder:

- (a) Failure by the District to pay any Installment Payment when and as the same become due and payable hereunder.
- (b) Failure by the District to pay any Additional Payment when due and payable hereunder.
- (c) Default by the District in the observance of any of the other covenants, agreements or conditions set forth in Sections 5.3, 5.4 or 7.3 of this Agreement;
- (d) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a), (b) or (c), for a period of thirty (30) days after the earlier to occur of (i) discovery by any director, officer,

manager or supervisor of the District or the Authority of such failure or non compliance or (ii) written notice specifying such failure and requesting that it be remedied has been given to the District by the Authority or the Bank; provided, however, that if the District shall notify the Authority and the Bank that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an event of default hereunder if the District shall (i) commence to cure such failure within such thirty (30) day period and (ii) thereafter diligently and in good faith cure such failure in a reasonable period of time, and in any event, not later than 90 days after the discovery or notice of such failure or noncompliance.

(e) The filing by the District or the Authority of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or the entry by the District or the Authority into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District or the Authority in any proceedings instituted under any bankruptcy, insolvency or other similar laws now or hereafter in effect.

(f) The occurrence and continuation of any event of default under the Credit Facility.

Section 8.2 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank as assignee of the Authority shall have the right, at its option and without any further demand or notice to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the net effective rate of interest per annum then borne by the Outstanding Bonds from the immediately preceding Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement

The application of any amounts hereunder upon the date of declaration of acceleration as provided in the preceding clause (a), shall be subject in all respects to the provisions of the Master Resolution and the provisions of the Parity Obligation Documents relating to the Parity Obligations then-outstanding, including the application of Net Operating Revenues upon the occurrence of events of default pursuant to the Master Resolution and the acceleration of amounts due with respect to Parity Obligations.

Section 8.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Agreement should default under any of the provisions hereof and the nondefaulting party, the

Bank should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, or the Bank, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

Section 8.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6 Bank to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Bank under the Credit Facility, to which assignment the District hereby consents.

Section 8.7 Rights of the Owners of Subordinate Obligations. Notwithstanding anything in this Article VIII to the contrary, it is hereby acknowledged and agreed that the rights of the Authority hereunder in and to the Subordinate Net Operating Revenues and the System shall be exercised on a parity and proportionate basis with the rights of any parties to Subordinate Obligations which may be incurred in the future (subject to the provisions of Section 4.4(c) hereof) and any fiduciary acting for the benefit of such owners. The provisions of this Article VIII, and the provisions of any instruments authorizing the issuance of any Subordinate Obligations, shall be construed in accordance with the foregoing sentence.

ARTICLE IX PREPAYMENT OF INSTALLMENT PAYMENTS

Section 9.1 Prepayment. The principal component of the Installment Payments (i) shall be prepaid in whole or in part on any date on which the Authority is required to prepay amounts payable pursuant to the Credit Facility and (ii) may be prepaid at the option of the District on the terms and conditions at which the Authority is permitted to prepay amounts owed pursuant to the Credit Facility.

ARTICLE X MISCELLANEOUS

Section 10.1 Further Assurances. The District agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or the Bank to carry out the intention or to facilitate the performance of this Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created.

Section 10.2 Notices. All written notices to be given hereunder shall be given [(x) in the case of the Bank, by email to its email address set forth below and (y) in the case of the District and the Authority, by mail to the party entitled thereto at its address set forth below, or in each case at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District:

Calleguas Municipal Water District
2100 Olsen Road

Thousand Oaks, California 91360-6800
Attention: District Manager

If to the Authority:

Calleguas-Las Virgenes Public Financing Authority
2100 Olsen Road
Thousand Oaks, California 91360-6800
Attention: [Treasurer]

If to the Authority Lender:

Wells Fargo Bank, National Association

Attention: _____

Email: _____

Section 10.3 Third-Party Beneficiaries. The Bank shall be and is hereby made a third party beneficiary hereunder with all rights of a direct party hereto.

Section 10.4 Payment on Non-Business Day. Whenever in this Agreement any payment is required to be made on a day which is not a Business Day, such payment shall be made on the first Business Day following such day.

Section 10.5 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State.

Section 10.6 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority and the District, and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 10.7 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 Authority and the District each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof 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.

Section 10.8 Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 10.9 Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 10.10 Waiver of Personal Liability. No member of the Board, officer, agent or employee of the District shall be individually or personally liable for the payment of Installment Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Agreement; but nothing herein contained shall relieve any such member of the Board, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

IN WITNESS WHEREOF, the Authority and the District have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
General Manager

**CALLEGUAS-LAS VIRGENES FINANCING
AUTHORITY**

By: _____
Authorized Officer

EXHIBIT A

DESCRIPTION OF 2024 PROJECT

Modifications to and expansion of existing Crew Building to provide sufficient space for existing and future staff, including office space, locker rooms, and conference rooms. Also includes provision of an appropriately sized and equipped Emergency Operations Center in the expanded Crew Building, a relocated Networking Center near the Control Room, additional parking near the Standby Generator Building, replacement of the hydropneumatic pump station, expansion of the water quality lab, addition of storage at the Administration Building, and replacement of roofs on LBWFP structures as needed, together with other related capital expenditures for District property.