



IMPROVEMENT CORPORATION MEETING AGENDA

Monday, July 20, 2026 — 5:00 PM
(Immediately following the MSWD Board of Directors
Regular Meeting at 3:00 PM)

NOTICE IS HEREBY GIVEN THAT THE BOARD OF DIRECTORS OF MISSION SPRINGS WATER DISTRICT WILL HOLD ITS REGULAR MEETING(S) ON THE DATE LISTED ABOVE. THE BOARD WILL MEET IN PERSON AT 66575 2ND STREET, DESERT HOT SPRINGS.
THE PUBLIC IS PERMITTED TO ATTEND THIS MEETING IN PERSON OR VIRTUALLY USING THE ZOOM LINK BELOW.

JOIN ZOOM MEETING:

<https://us02web.zoom.us/j/8220655340?from=addon>

DIAL BY PHONE:

+1 (408) 638-0968

Meeting ID: 822 065 5340

ACTION MAY BE TAKEN ON ANY ITEM LISTED ON THIS AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. ANNOUNCEMENT AND VERIFICATION OF REMOTE MEETING PARTICIPATION PURSUANT TO AB 2449 OR GC 54953(b)

ACTION ITEMS

4. **RESOLUTION IC2026-01 ~ ADOPTING AMENDED AND RESTATED BYLAWS FOR THE MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION**
It is recommended that the Board of Directors of the Mission Springs Water District Investment Corporation adopt Resolution IC2026-01, adopting the amended and restated bylaws of the Corporation
5. **RESOLUTION IC2026-02 APPROVING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$28,500,000 REVENUE CERTIFICATES OF PARTICIPATION AND APPROVING RELATED ACTIONS**
It is recommended that the Board of Directors of the Mission Springs Water District Investment Corporation adopt Resolution IC2026-02, authorizing the issuance and sale of not-to-exceed \$28,500,000 Revenue Certificates of Participation ("2026 COPS").
6. **ADJOURN**

If you need special assistance to participate in this meeting, please contact the Executive Assistant at (760) 660-4403 at least 48 working hours prior to the meeting.

ANY DISCLOSABLE PUBLIC RECORDS RELATED TO AN OPEN SESSION ITEM ON A REGULAR MEETING AGENDA AND DISTRIBUTED BY MISSION SPRINGS WATER DISTRICT TO ALL OR A MAJORITY OF THE BOARD OF DIRECTORS LESS THAN 72 HOURS PRIOR TO THAT MEETING ARE AVAILABLE FOR PUBLIC INSPECTION AT THE DISTRICT OFFICE, 66575 SECOND STREET, DESERT HOT SPRINGS, CALIFORNIA DURING NORMAL BUSINESS HOURS AND MAY ALSO BE AVAILABLE ON THE DISTRICT'S WEBSITE AT WWW.MSWD.ORG/MEETINGS. NOTE: THE PROCEEDINGS MAY BE AUDIO AND VIDEO RECORDED.

CERTIFICATION OF POSTING

I certify that on or before July 17, 2026, a copy of the foregoing notice was posted near the regular meeting place of the Board of Directors of Mission Springs Water District at least 72 hours in advance of the meeting (Government Code Section 54954.2).



Dori Petee
Executive Assistant

AGENDA STAFF REPORT

MEETING NAME: REGULAR BOARD MEETING

MEETING DATE: JULY 20, 2026

FROM: SKYLER AUBREY, ACCOUNTING MANAGER

FOR: ACTION



ADOPT RESOLUTION IC2026-01 ADOPTING AMENDED AND RESTATED BYLAWS FOR THE MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION

STAFF RECOMMENDATION

It is recommended that the Board of Directors of the Mission Springs Water District Investment Corporation adopt Resolution IC2026-01 adopting amended and restated bylaws of the Corporation.

SUMMARY

It is recommended that the Board of Directors approve amended and restated bylaws of the Corporation. The Corporation was originally formed in 1985 and has not adopted its bylaws in many years. The proposed amended and restated bylaws of the Corporation provide, among other things, that the members of the Board of Directors of the District will be the members of the Board of Directors of the Corporation and also provide that the officers of the Corporation are a President (who shall be the President of the Board of Directors of the District), a Vice President (who shall be the Vice President of the Board of Directors of the District), a Secretary (who shall be the Secretary of the District) and a Treasurer (who shall be the Director of Finance of the District).

ANALYSIS AND FISCAL IMPACT

None.

BUDGET INFORMATION & STRATEGIC PLAN IMPLEMENTATION

Action Cost:	Current FY Cost:	Future FY Cost:	Funding Source	Acct/Project No.
\$0	\$0	\$0	Operations	Multiple
Covered in current FY budget?		Adjustment Needed?	Current Balance:	Balance if Approved:
No		Yes	Multiple	Multiple
Strategic Plan Goal Alignment:				
SMART Goal 3.2 - Control costs and manage debt responsibly.				

ATTACHMENTS

Attachment 1 - Corporation Resolution Adopting Bylaws

RESOLUTION NO. IC-2026-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, ADOPTING AMENDED AND RESTATED BYLAWS FOR THE CORPORATION

WHEREAS, THE MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION, a California non-profit public benefit corporation (“Corporation”) was established for the specific and primary purposes of providing financial assistance to the Mission Springs Water District (the “District”) by acquisition, construction, improvement and development of certain facilities together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public; and

WHEREAS, the Corporation is authorized to conduct its affairs pursuant to the California Nonprofit Public Benefit Corporation Law and its Articles of Incorporation; and

WHEREAS, the Board of Directors has determined that it is necessary and appropriate to adopt Amended and Restated Bylaws governing the administration, management, operation, and affairs of the Corporation; and

WHEREAS, a proposed form of the Amended and Restated Bylaws has been presented to this Board and reviewed by the Directors;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Corporation as follows:

Section 1. Adoption of Amended and Restated Bylaws. The Amended and Restated Bylaws attached hereto as Exhibit “A” and incorporated herein by this reference are hereby approved and adopted as the Bylaws of the Mission Springs Water District Improvement Corporation. The Amended and Restated Bylaws shall amend and restate all previous bylaws of the Mission Springs Water District Improvement Corporation.

Section 2. Authorization of Officers. The President, Vice President, Secretary, Treasurer, and such other officers of the Corporation, are hereby authorized and directed to take such actions and execute such documents as may be necessary or convenient to carry out the

purposes of this Resolution and implement the Amended and Restated Bylaws adopted hereby.

Section 3. Effective Date. These Amended and Restated Bylaws shall become effective immediately upon adoption of this Resolution.

Section 4. Ratification. All actions previously taken by the officers, directors, agents, or representatives of the Corporation in furtherance of organizing the Corporation are hereby ratified, confirmed, and approved.

This Resolution shall take effect immediately.

ADOPTED this 20th day of July, 2026, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Amber Duff
President of Mission Springs Water District
and its Board of Directors

ATTEST:

Brian Macy
Secretary of Mission Springs Water District
and its Board of Directors

CERTIFICATION OF ADOPTION

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

I, Brian Macy, Secretary of the Board of Directors of Mission Springs Water District, certify that the foregoing is a full, true, and correct copy of Resolution No. IC-2026-01 which was adopted by the Board of Directors of said District at its regular meeting held July 20, 2026.

It has not been amended or repealed.

Dated: July __, 2026

—

Brian Macy
Secretary of Mission Springs Water District
and its Board of Directors

**AMENDED AND RESTATED BYLAWS OF
MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION**

These Amended and Restated Bylaws hereby amend and restate all previous bylaws of the Mission Springs Water District Improvement Corporation as follows:

ARTICLE I

Name, Organization and Purpose, Principal Office

Section 1.1 Name. The name of this corporation is the Mission Springs Water District Improvement Corporation (“Corporation”).

Section 1.2 Organization and Purpose. The Corporation is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law (“Law”). The Corporation is organized and operated exclusively to provide financial assistance to Mission Springs Water District (“District”) by assisting in the acquisition, construction, improvement, financing, refinancing, leasing, ownership, development, and operation of facilities and related property for the use, benefit, and enjoyment of the public. The facilities that may be financed, acquired, developed, improved, leased, owned, or assisted by the Corporation include:

(a) **Wastewater Facilities.** Facilities for the collection, transmission, treatment, reclamation, recycling, and disposal of sewage, waste, and wastewater, together with all appurtenances and appurtenant works.

(b) **Water Facilities.** Facilities for the production, treatment, storage, transmission, distribution, conservation, recycling, and management of water, together with all appurtenances and appurtenant works.

The Corporation may engage in all activities incidental or necessary to accomplish these purposes.

No part of the net earnings of the Corporation shall inure to the benefit of any director, officer, member, or private person except that the Corporation may make payments and distributions in furtherance of its nonprofit purposes.

Section 1.3 Principal Office. The principal office of the Corporation shall be located at the administrative offices of Mission Springs Water District, as may be designated from time to time by the Board of Directors. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another. Any such change shall be noted by the Secretary but shall not be considered an amendment to these Bylaws.

ARTICLE II MEMBERS

Section 2.1 No Members. The Corporation has no members pursuant to California Corporations Code § 5310. All powers otherwise exercised by members are exercised by the Board of Directors to the fullest extent permitted by law.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 Powers. Subject to the limitations of the Articles of Incorporation, these Bylaws, and the California Nonprofit Public Benefit Corporation Law, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors. No Director shall be personally liable for any action taken or omitted in good faith in the performance of his or her duties as a Director. Without limiting the foregoing, the Board of Directors shall have the following powers:

(a) To select and remove all appointed officers, agents and employees of the Corporation, prescribe such powers and duties for such officers, agents and employees as may not be inconsistent with law or the Articles of Incorporation or Bylaws, fix their compensation and require from such officers, agents and employees security for faithful service.

(b) To conduct, manage, and control the affairs and business of the Corporation and to adopt such rules, policies, procedures, and regulations as may be necessary or convenient to carry out the purposes of the Corporation.

(c) To acquire, purchase, construct, reconstruct, improve, expand, repair, rehabilitate, develop, own, hold, lease, sublease, operate, maintain, convey, transfer, exchange, sell, assign, or otherwise dispose of real property, personal property, easements, water facilities, wastewater facilities, equipment, improvements, and any other property interests necessary or convenient to accomplish the purposes of the Corporation.

(d) To finance and refinance facilities, projects, improvements, equipment, land, and infrastructure for the benefit of Mission Springs Water District and the public served by the District.

(e) To borrow money and incur indebtedness for any lawful corporate purpose and, in connection therewith, to issue or cause to be issued bonds, notes, certificates of participation, lease obligations, installment sale obligations, commercial paper, refunding obligations, evidences of indebtedness, or other financing obligations authorized by law.

(f) To execute and deliver leases, lease-purchase agreements, installment sale agreements, financing agreements, loan agreements, trust agreements, indentures, security agreements, mortgages, deeds of trust, pledges, assignments, guarantees, reimbursement agreements, and other instruments necessary or desirable in connection with any financing or refinancing undertaken by the Corporation.

(g) To apply for, receive, administer, and expend grants, loans, advances, contributions, donations, and other public or private financial assistance from any federal, state, local, or private source.

(h) To enter into contracts, joint powers arrangements, cooperative agreements, memoranda of understanding, leases, licenses, permits, and other agreements with Mission Springs Water District, other public agencies, nonprofit corporations, private entities, and individuals as necessary or convenient to carry out the purposes of the Corporation.

(i) To establish and maintain reserves, funds, accounts, and investments and to invest and reinvest Corporation funds in accordance with applicable law and prudent financial practices.

(j) To sue and be sued, prosecute and defend actions and proceedings, settle claims and disputes, and exercise all rights and remedies available to the Corporation under law.

(k) To do any and all lawful acts and things necessary, convenient, incidental, or advisable to carry out the purposes for which the Corporation was organized and to exercise all powers granted to nonprofit public benefit corporations under California law.

(l) To amend or repeal these Bylaws, amend the Articles of Incorporation to the extent permitted by applicable law, dissolve the Corporation in accordance with applicable law, and exercise all powers necessary or convenient to carry out the purposes of the Corporation and all powers granted to nonprofit public benefit corporations under the California Nonprofit Public Benefit Corporation Law. Any amendment to the Articles of Incorporation or these Bylaws, or any action to dissolve the Corporation, shall require the affirmative vote of a majority of the entire Board of Directors, unless a greater vote is required by applicable law.

To the extent applicable, directors and officers of the Corporation shall comply with all applicable conflict-of-interest laws, including the Political Reform Act (Gov. Code § 81000 et seq.), Government Code section 1090, and any conflict-of-interest code adopted by Mission Springs Water District or the Corporation.

Section 3.2 Number of Directors. The authorized number of Directors shall be five until changed by amendment of the Articles of Incorporation or by amendment of the Bylaws. The Directors shall be the persons then serving as elected Directors of Mission Springs Water District.

Section 3.3 Selection and Term of Office. The Directors of the Corporation shall be the persons then elected or appointed as the Board of Directors of District, as established in accordance with the California Elections Code from time to time. Pursuant to the resolutions of the District and the Corporation, each Director of the District shall simultaneously serve as a Director of the Corporation. Except as otherwise stated herein and in accordance with [Cal Corp Code § 5220\(d\)](#), each Director shall hold office for a term concurrent with his or her term as a member of the Board of Directors of the District. Upon assuming office as a Director of the District, such person shall automatically become a Director of the Corporation without further action by the Corporation.

Each Director shall continue to serve until the expiration of his or her term on the District Board and until his or her successor has been duly appointed or elected and qualified to serve on the District Board and, by virtue thereof, on the Board of Directors of the Corporation.

Notwithstanding any other provision of these Bylaws, no Director of the Corporation may be removed from office so long as such Director continues to serve as a member of the Board of Directors of the District, except as otherwise required by applicable law.

A person who ceases to serve as a member of the Board of Directors of the District shall automatically cease to serve as a Director of the Corporation upon the effective date of such separation from District office, without further action of the Corporation.

Section 3.4 Vacancies. Subject to the provisions of [Cal Corp Code § 5224](#), any Director may resign effective upon giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. No such resignation shall be effective, however, unless and until such Director shall have resigned from the Board of Directors of the District.

A vacancy or vacancies on the Board of Directors shall be deemed to exist upon the expiration of a Director's term, if the authorized number of Directors comprising the Board of Directors of the District is increased, or upon the events specified in [Cal Gov Code § 1770](#) including but not limited to the death, or resignation, on the Board of Directors of the District.

Any vacancy occurring on the Board of Directors of the District shall create a corresponding vacancy on the Board of Directors of the Corporation, and any person appointed or elected to fill

such District vacancy shall automatically become a Director of the Corporation upon assuming office with the District.

Section 3.5 Organization and Annual Meetings. The annual meeting of the Corporation shall be held on the date designated by resolution of the Board Directors. At the annual meeting, the Board shall consider such organizational matters that are necessary or desirable for the administration of the Corporation. Failure to hold the annual meeting at the designated time shall not affect the validity of any corporate action or cause a forfeiture or dissolution of the Corporation. If the annual meeting is not held on the date designated by the Board of Directors, the President may call, or the Board may establish, an alternate date for the annual meeting consistent with applicable law and these Bylaws.

Section 3.6 Regular Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings in accordance with the Ralph M. Brown Act, commencing at Section 54950 of the Government Code of the State of California and Section 5211(a)(2) of the Law and Section 3.11 hereof.

Section 3.7 Special Meetings; Notice Waiver. A special meeting of the Board of Directors shall be held whenever called in accordance with the Ralph M. Brown Act, commencing at Section 54950 of the Government Code of the State of California and Section 5211(a)(2) of the Law and Section 3.11 hereof.

Section 3.8 Adjourned Meetings; Notice of Adjournment. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a majority may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of the adjournment and in accordance with the Ralph M. Brown Act. When a regular or adjourned regular meeting is adjourned as provided in this Section, the resulting adjourned regular meeting is a regular meeting for all purposes.

Section 3.9 Majority. A majority of the Board of Directors shall constitute a quorum for the transaction of any business. A majority of the Board of Directors is sufficient for every act or decision of the Board of Directors (except as otherwise provided in Section 5.9), but in the event only three Directors are present at a meeting duly held, any motion must be passed by a unanimous vote.

Section 3.10 Fees and Compensation. Directors shall receive no compensation from the Corporation for services as Directors of the Corporation but shall be entitled to reimbursement for actual out of pocket expenses incurred for services as Directors of the Corporation.

Section 3.11 Ralph M. Brown Act. Notwithstanding any of the provisions of these Bylaws to the contrary, all meetings of the Board of Directors shall be subject to the Ralph M. Brown Act, commencing at Section 54950 of the Government Code of the State of California.

ARTICLE IV OFFICERS

Section 4.1 Officers. The officers of the Corporation shall be a President (Chief Executive Officer), a Vice President, a Secretary and a Treasurer (Chief Financial Officer). The Corporation may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed by the Board of Directors. One person may hold two or more offices, except that the offices of President and Secretary or President and Treasurer may not be combined.

Section 4.2 President. The President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the affairs and officers of the Corporation. The President shall preside at all meetings of the Board of Directors, shall execute on behalf of the Corporation such contracts, agreements, instruments, and other documents as may be authorized by the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The President shall have such additional powers and duties as are customarily incident to the office of president of a nonprofit public benefit corporation and as may be necessary to carry out the purposes of the Corporation. The person serving from time-to-time as the President of the Board of Directors of the District shall serve as the President of the Corporation

Section 4.3 Vice President. The Vice President shall perform the duties of the President during the President's absence or incapacity. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for the Vice President respectively by the Board of Directors or by the Bylaws. The person serving from time-to-time as Vice President of the Board of Directors of the District shall serve as Vice President of the Corporation.

Section 4.4 Secretary. The Secretary of the Board of Directors of the District shall serve as Secretary of the Corporation. The Secretary shall keep at the principal office of the Corporation a book of minutes of all meetings of Directors, with the time and place of holding, how called or authorized, the notice thereof given, and the names of those present at Directors' meetings. The person serving from time-to-time as Secretary of the Board of Directors of the District shall serve as Secretary of the Corporation.

Section 4.5 Treasurer. The Treasurer shall be the chief financial officer of the Corporation. The Treasurer shall keep and maintain adequate and correct books of account showing the receipts and disbursements of the Corporation, and an account of its cash and other assets, if any. Such books of account shall at all reasonable times be open to inspection by any Director. The Treasurer shall deposit all moneys of the Corporation with such depositories as are designated by the Board of Directors, and shall disburse the funds of the Corporation as may be ordered by the Board of Directors, and shall render to the President or the Board of Directors, upon request, statements of the financial condition of the Corporation as may be required by the Board of Directors, applicable law, financing documents, auditors, or regulatory agencies. The person serving from time-to-time as the Director of Finance of the District shall serve as Treasurer of the Corporation.

To the extent practicable, the Corporation's financial reporting shall be prepared in conjunction with, and consistent with, the financial reporting practices and fiscal year of Mission Springs Water District. The Treasurer shall present, or cause to be presented, a summary of the Corporation's financial condition and activities to the Board of Directors in connection with the District's annual financial reporting process or at such other time as the Board of Directors may direct. The Treasurer shall perform such other duties as may be prescribed by the Board of Directors, the President, or these Bylaws.

Section 4.6 Subordinate Officers. The Board may establish additional officer positions as needed. Subordinate officers shall perform such duties as shall be prescribed from time to time by the Board of Directors or the President.

Section 4.7 Term of Office. Each of the officers of the Corporation shall be elected annually by the Board of Directors, provided that such officers term shall automatically terminate upon the termination of their employment with the District.

ARTICLE V CORPORATE POWERS AND ADMINISTRATION

Section 5.1 Contracts and Execution of Documents. The Board of Directors may authorize any officer or officers as agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or other person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 5.2 Corporate Records and Inspection. The Corporation shall maintain complete and accurate books and records of account, minutes of proceedings of the Board of

Directors, copies of the Articles of Incorporation and Bylaws as amended from time to time, and such other records as may be required by applicable law.

All books and records of the Corporation shall be maintained at the principal office of the Corporation or at such other location as determined by the Board of Directors.

The Corporation shall maintain its records in accordance with the California Nonprofit Public Benefit Corporation Law, the California Public Records Act to the extent applicable, and all other applicable laws.

Each Director shall have the right at any reasonable time to inspect the books, records, documents, and properties of the Corporation for a purpose reasonably related to the performance of the Director's duties.

Section 5.3 Fiscal Year. It is the intent of these Bylaws that the fiscal year of the Corporation coincide with the fiscal year of Mission Springs Water District.

Section 5.4 Annual Report. Within one hundred twenty (120) days after the close of each fiscal year, the Chief Financial Officer shall prepare or cause to be prepared an annual report, in accordance with [Cal Corp Code § 6321](#), for presentation to the Board of Directors of the Corporation.

Section 5.5 Indemnification. To the fullest extent permitted by the California Nonprofit Public Benefit Corporation Law and other applicable law, the Corporation shall indemnify any person who is or was a Director, officer, employee, agent, or authorized representative of the Corporation against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was acting in such capacity on behalf of the Corporation.

The Corporation shall have the authority to advance expenses incurred in defending any proceeding prior to its final disposition, upon such terms and conditions as may be authorized by law and approved by the Board of Directors.

The rights of indemnification provided by this Section shall not be exclusive of any other rights to which an indemnified person may be entitled under any agreement, vote of the Board of Directors, insurance policy, or otherwise.

Section 5.6 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any Director, officer, employee, agent, or authorized representative of the Corporation against any liability asserted against or incurred by such person in such capacity,

whether or not the Corporation would have the power to indemnify such person against such liability under applicable law.

The Corporation may participate in insurance programs, risk-sharing pools, joint powers authority insurance programs, self-insurance programs, or insurance coverages maintained by Mission Springs Water District, to the extent permitted by law and approved by the Board of Directors.

Section 5.7 Dissolution. Upon the dissolution or winding up of the Corporation, and after payment, satisfaction, or adequate provision for all debts, liabilities, and obligations of the Corporation, all remaining assets of the Corporation shall be distributed to Mission Springs Water District, provided that the District is then a public agency organized and existing under the laws of the State of California and is organized and operated exclusively for public purposes.

No Director, officer, employee, or private person shall be entitled to share in the distribution of any of the assets of the Corporation upon dissolution.

Any assets received by Mission Springs Water District pursuant to this Section shall be used solely for public purposes consistent with the purposes for which the Corporation was organized.

Section 5.8 Brown Act and Public Records Compliance. The Corporation acknowledges that it has been formed to assist Mission Springs Water District in carrying out public purposes and that its governing body consists of the Directors of Mission Springs Water District.

Accordingly, meetings of the Corporation shall be conducted in compliance with the Ralph M. Brown Act (Government Code section 54950 et seq.), and records of the Corporation shall be maintained and disclosed in accordance with applicable provisions of the California Public Records Act (Government Code section 7920.000 et seq.), to the extent required by law.

Section 5.9 Amendments. These Bylaws may be amended, restated, or repealed, and new Bylaws may be adopted, by the affirmative vote of a majority of the entire Board of Directors, unless a greater vote is required by the California Nonprofit Public Benefit Corporation Law or the Articles of Incorporation.

AGENDA STAFF REPORT

MEETING NAME: REGULAR BOARD MEETING
MEETING DATE: JULY 20, 2026
FROM: SKYLER AUBREY, ACCOUNTING MANAGER
FOR: ACTION



ADOPT RESOLUTION IC2026-02 APPROVING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$28,500,000 REVENUE CERTIFICATES OF PARTICIPATION AND APPROVING RELATED MATTERS

STAFF RECOMMENDATION

It is recommended that the Board of Directors of the Mission Springs Water District Improvement Corporation adopt Resolution IC2026-02 authorizing the issuance and sale of not-to-exceed \$28,500,000 Revenue Certificates of Participation ("2026 COPS").

SUMMARY

Based on market conditions as of July 6, 2026, the issuance of the 2026 COPS to fund \$28 million in net proceeds would result in estimated average debt service payments of approximately \$1.72 million per year over a 30-year period with an approximate true interest cost of 4.51%.

ANALYSIS AND FISCAL IMPACT

See attached.

BUDGET INFORMATION & STRATEGIC PLAN IMPLEMENTATION

Action Cost:	Current FY Cost:	Future FY Cost:	Funding Source	Acct/Project No.
\$24,745,950	\$993,450	\$23,752,500	Operations	Multiple
Covered in current FY budget?		Adjustment Needed?	Current Balance:	Balance if Approved:
No		Yes	Multiple	Multiple
Strategic Plan Goal Alignment:				
SMART Goal 3.2 - Control costs and manage debt responsibly.				

ATTACHMENTS

Attachment 1 – Analysis
 Attachment 2 - Corporate Resolution Issuance of COPS,
 Attachment 3 - Trust Agreement
 Attachment 4 - Installment Purchase Agreement
 Attachment 5 - Assignment Agreement
 Attachment 6 - Certificate Purchase Agreement

ANALYSIS

The Mission Springs Water District (“District”) and the Mission Springs Water District Improvement Corporation (“Corporation”) intend to enter into an Installment Purchase Agreement in order to finance the costs of a new administration building for the District, as well as the acquisition and construction of two water booster stations for the Water system. The installment payments received by the Trustee as the assignee of the Corporation will be used to secure the issuance of the District’s Revenue Certificates of Participation, Series 2026A (“2026 COPs”). The District’s obligation to make installment payments are secured by a pledge and lien on Revenues of the District’s water and wastewater systems.

The proposed 2026 COPs are estimated to be issued in the principal amount of approximately \$26.82 million with a final maturity of February 1, 2056 (30-year term). Based on market conditions as of July 6, 2026 and assuming an “A+” underlying rating from Standard & Poor’s, the 2026 COPs are expected to have average annual debt service payments of \$1.72 million and a true interest cost of 4.51%. The final interest cost and debt service payments will be determined when the 2026 COPs are priced, which is currently expected in early August 2026.

As required under Section 5852.1 of the California Government Code (Code), good faith estimates as provided by the District’s Municipal Advisor and Underwriter are provided as an attachment to the authorizing Resolution.

SUMMARY OF FINANCING DOCUMENTS TO BE APPROVED:

The subject Resolution approves all documents and actions needed to authorize the issuance and sale of the 2026 COPs, including the following substantially final form financing documents together with any changes or additions deemed advisable and approved by the District:

- **Installment Purchase Agreement** - Agreement by and between the District and the Corporation pursuant to which the District agrees to make installment payments to the Corporation to secure the issuance of the 2026 COPs. The installment payments are secured by a pledge and lien on Revenues of the Water and Wastewater systems. This agreement contains all of the required financial covenants of the District.
- **Trust Agreement** - Agreement by and among the District, the Corporation, and the Trustee, pursuant to which the installment payments are pledged to the repayment of the 2026 COPs. The Agreement sets forth the relevant terms of the 2026 COPs and the rights and remedies of the 2026 COPs Owners.
- **Assignment Agreement** – Agreement pursuant to which the Corporation will assign the District’s installment payments to the Trustee on behalf of the 2026 COPs Owners.
- **Certificate Purchase Agreement** - Agreement between the District and Wells Fargo Bank, N.A., as underwriter, pursuant to which the underwriter agrees to purchase the 2026 COPs and sell them to investors on behalf of the District.

If the Board approves the Resolution, staff and the financing team (Urban Futures, Inc. as Municipal Advisor; Stradling Yocca Carlson & Rauth as Bond and Disclosure Counsel;

and U.S. Bank National Association as Trustee) will continue with the next steps in the process to prepare to bring the financing to market. As previously mentioned, pricing of the 2026 COPs is anticipated to occur in early August 2026, with closing scheduled for two weeks after.

FISCAL IMPACT & STRATEGIC PLAN IMPLEMENTATION

Based on current interest rates, the 2026 COPs are expected to have average annual debt service payments of approximately \$1.72 million and a true interest cost of 4.51%. The source of repayment for the debt service on the 2026 COPs is net revenues of the District's Water and Wastewater systems.

RESOLUTION NO. IC-2026-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$28,500,000 REVENUE CERTIFICATES OF PARTICIPATION, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Mission Springs Water District Improvement Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") with the authority to assist in financing the acquisition of facilities on behalf of the Mission Springs Water District (the "District"); and

WHEREAS, the District has determined that it would be in the best interests of the District and the residents and ratepayers in the District to request that the Corporation authorize the preparation and delivery of Revenue Certificates of Participation in an aggregate principal amount not to exceed \$28,500,000 (the "Certificates") to acquire facilities for the District; and

WHEREAS, the District and the Corporation desire to enter into an Installment Purchase Agreement, by and between the District and the Corporation (the "Installment Purchase Agreement"), the form of which is on file with the Corporation, a Trust Agreement, by and among U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the District and the Corporation (the "Trust Agreement"), the form of which is on file with the Corporation and that certain Assignment Agreement, by and between the Corporation and the Trustee (the "Assignment Agreement"), the form of which is on file with the Corporation; and

WHEREAS, the Certificates will be sold to Wells Fargo Bank, National Association (the "Underwriter") named in a Purchase Contract, by and between the District and the Underwriter (the "Purchase Contract"), the form of which is on file with the Corporation;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION DOES HEREBY RESOLVES AS FOLLOWS:

Section 1. Recitals.

The foregoing recitals are true and correct.

Section 2. Approval of Certificates.

This Board of Directors hereby authorizes the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$28,500,000 in accordance with the terms and provisions of the Trust Agreement. The purposes for which the proceeds of the sale of the Certificates shall be expended are to finance and refinance the acquisition of certain facilities for the District as described in the Installment Purchase Agreement, to fund

a reserve fund, if required, for the Certificates and to pay the costs of delivery of the Certificates.

Section 3. Certificate Documents.

The Installment Purchase Agreement, the Assignment Agreement, the Trust Agreement and the Purchase Contract presented at this meeting are approved. Each of the President, the Vice-President, the Treasurer and the Secretary, or the respective designees (each an "Authorized Officer" and together the "Authorized Officers") is each individually authorized and directed to execute and deliver the Installment Purchase Agreement, the Assignment Agreement and the Trust Agreement and to acknowledge said Purchase Contract. Such agreements and contract shall be executed or acknowledged, as the case may be, in substantially the forms hereby approved, with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth LLP, as Special Counsel ("Special Counsel") and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 4. Other Matters Authorized.

Each Authorized Officer and such other officers of the Corporation are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the sale and delivery of the Certificates, and the execution and delivery of the Installment Purchase Agreement, Assignment Agreement, Trust Agreement and Purchase Contract and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Good Faith Estimates.

The good faith estimates of costs related to the Certificates which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.

Section 6. Effective Date.

This Resolution shall take effect immediately upon its adoption.

Section 7. Certification.

The Secretary shall certify as to the adoption of this Resolution and shall cause the same to be processed in the manner required by law.

PASSED, ADOPTED, AND APPROVED, this ____ day of July, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Amber Duff
President of Mission Springs Water District
and its Board of Directors

ATTEST:

Brian Macy
Secretary of Mission Springs Water District
and its Board of Directors

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Certificates in accordance with California Government Code Section 5852.1.

Principal Amount. Based on the District's financing plan and current market conditions, a good faith estimate of the principal amount of the Certificates is **\$26,820,000** (the "**Estimated Principal Amount**").

True Interest Cost. Assuming that the Certificates are executed and delivered in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates of the Certificates, is **4.51%**.

Finance Charge. Assuming that the Certificates are executed and delivered in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is **\$350,000**.

Amount of Proceeds to be Received. Assuming that the Certificates are executed and delivered in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the amount of proceeds expected to be received by the District with respect to the Certificates, less the finance charge of the Certificates, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Certificates, is **\$28,000,000**.

Total Payment Amount. Assuming that the Certificates are executed and delivered in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service with respect to the Certificates, plus the finance charge for the Certificates, as described above, not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is **\$51,175,950**.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Certificates, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the execution and delivery of the Certificates being different than the date assumed for purposes of such estimates; (b) the actual principal amount of the Certificates being different from the Estimated Principal Amount; (c) the actual amortization of the Certificates being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of execution and delivery of the Certificates being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, delays in the financing, additional legal work or a combination of such factors and additional

finance charges, if any, attributable thereto. The actual delivery date of the Certificates and the actual principal amount of the Certificates will be determined by the District based on the timing of the need for proceeds of the Certificates and other factors.

TRUST AGREEMENT

by and among

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

as Trustee

and

MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION

as Corporation

and

MISSION SPRINGS WATER DISTRICT

Dated as of ____ 1, 2026

Relating to

\$_____

**MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A**

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TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of ____ 1, 2026 (the “Agreement”), by and among U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the “Trustee”), a national banking association duly organized and existing under the laws of the United States of America, and MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION, as seller, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), and MISSION SPRINGS WATER DISTRICT, as purchaser, a county water district duly organized and existing under the laws of the State of California (the “District”);

WITNESSETH:

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

ARTICLE I

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

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

Agreement. The term “Agreement” means this Trust Agreement, as originally executed or as it may from time to time be amended or supplemented as provided for herein.

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

Certificate Proceeds Fund. The term “Certificate Proceeds Fund” means the fund by that name established pursuant to Section 3.2.

Certificates. The term “Certificates” means the certificates of participation executed and delivered by the Trustee pursuant to this Agreement.

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

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

Delivery Costs. The term “Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Certificates, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and

counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

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

Designated Corporate Trust Office of the Trustee. The term “Designated Corporate Trust Office of the Trustee” means the corporate trust office of the Trustee in Los Angeles, California, provided that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of Certificates, such term means the corporate trust office of the Trustee in Los Angeles, California, or such other office as the Trustee may from time to time designate in writing to the District and the Owners.

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

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

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

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of ____ 1, 2026, by and between the District and the Corporation, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

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

Investment Agreement. The term “Investment Agreement” means an investment agreement supported by appropriate opinions of counsel; provided the provider thereof or the guarantor thereof is rated, at the time of issuance, at least “A+” and “A1” by S&P and Moody’s, respectively.

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

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

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

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 11.4) all Certificates theretofore, or thereupon being, executed and delivered by the Trustee under the Agreement except: (1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Certificates paid or deemed to have been paid within the meaning of Section 10.1; (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.10; and (4) Certificates paid in accordance with the last sentence of Section 2.9.

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

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

Payment Dates; Payment Date. The term “Payment Dates” means each February 1 and August 1, commencing ____ 1, 20__ and any date on which the unpaid Installment Payments are declared to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement.

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

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

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

1. U.S. Export-Import Bank (“Eximbank”)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (“FmHA”)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (“FHA”)

5. General Services Administration
Participation certificates
6. Government National Mortgage Association (“GNMA”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues)
7. United States Maritime Administration
Guaranteed Title XI financing
8. United States Department of Housing and Urban Development (“HUD”)
Project Notes
Local Authority Bonds
New Communities Debentures
United States government guaranteed debentures
United States Public Housing Notes and Bonds
United States government guaranteed public housing notes and bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Securities which are acceptable for transfer are:

(1) Direct United States governments, or

(2) Federal agencies backed by the full faith and credit of the United States government (and FNMA & FHLMC).

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

C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

D. Valuation of Collateral

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

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

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

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

(m) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:

(1) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Fitch, Moody’s, or S&P or any successors thereto; or

(2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraphs (a) or (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized firm of independent certified public accountants, to pay principal and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

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

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

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

Rebate Fund. The term “Rebate Fund” means the fund by that name established for the Certificates pursuant to Section 5.6.

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

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

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

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

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

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

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor as Trustee hereunder, as provided in Section 8.3.

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

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

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

Section 1.4 Recitals.

(a) Installment Purchase Agreement. The Corporation has agreed to assist the District in financing the Project.

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

(c) Assignment Agreement. For the purpose of obtaining the moneys required to be deposited by the Corporation with the Trustee, and for the purpose of securing the obligations of the Corporation hereunder, the Corporation has assigned and transferred certain of its rights under the Installment Purchase Agreement to the Trustee, pursuant to the Assignment Agreement; and in consideration of such assignment and the execution of this Agreement, the Trustee has agreed to execute and deliver certificates of participation, each evidencing an interest in the Installment Payments in an aggregate amount equal to the aggregate principal amount of certificates of participation so executed and delivered.

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

ARTICLE II

CERTIFICATES; TERMS AND PROVISIONS

Section 2.1 Preparation of Certificates. The Trustee is hereby authorized to execute certificates of participation, to be denominated “Revenue Certificates of Participation, Series 2026A” in an aggregate principal amount of \$_____ evidencing undivided interests in Installment Payments to be paid by the District under the Installment Purchase Agreement.

Section 2.2 Denominations; Medium and Place of Payment; Dating. The Certificates shall be delivered in the form of fully registered Certificates and in the denomination of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby maturing in more than one year.

The principal and Prepayment Price with respect to the Certificates shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee. Interest with respect to the Certificates shall be payable by check of the Trustee mailed by first class mail on each Payment Date of the Certificates to the respective Certificate Owners of record thereof as of the close of business on the Record Date at the addresses shown on the books required to be kept pursuant to Section 2.8 or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of the Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date.

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

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

(a) The Certificates shall become payable on February 1 in the years and in the amounts and with an interest component as provided in subsection (b) below at the rates, as follows:

<i>Maturity Date</i> <i>(February 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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*** Term Bonds**

Principal or Prepayment Price with respect to the Certificates at maturity or prepayment thereof shall, to the extent of the aggregate principal amount stated upon the Certificates, represent the sum of those portions of the Installment Payments designated as principal coming due on the Installment Payment Dates immediately preceding February 1 in each year. Interest with respect to the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

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

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

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

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

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new Certificate executed and delivered upon any transfer. The Trustee may require the payment by any Certificate Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Certificates the Trustee shall cancel and dispose of the Certificates it has received, in accordance with its then customary practices.

Section 2.7 Exchange of Certificates. Certificates may be exchanged at the Designated Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other

authorized denominations of the same maturity. The Trustee may charge a sum for each new Certificate executed and delivered upon any exchange except in the case of any exchange of temporary Certificates for definitive Certificates. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates the Trustee shall cancel and dispose of the Certificates it has received in accordance with its then customary practices.

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

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

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

Section 2.9 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee shall execute and deliver a new Certificate of like tenor, maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated.

Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and disposed of, in accordance with its then customary practices. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given indemnifying the Trustee, the Corporation and the District, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Agreement with all other Certificates secured by this Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for prepayment, the Trustee may, at the written direction of the District, make payment of such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10 Book-Entry System.

(a) Election of Book-Entry System. Prior to the execution and delivery of the Certificates, the District may provide that such Certificates shall be initially executed and delivered as book-entry Certificates. If the District shall elect to deliver any Certificates in book-entry form, then the District shall cause the delivery of a separate single fully registered certificate (which may be typewritten) for each maturity date of such Certificates in an authorized denomination corresponding to that total principal amount of the Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such Certificate shall be registered in the Certificate registration books in the name of the Nominee, as nominee of the Depository and ownership of the Certificates, or any portion thereof may not thereafter be transferred except as provided in Section 2.10(e).

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

(b) Delivery of Letter of Representations. In order to qualify the book-entry Certificates for the Depository's book-entry system, if no Letter of Representations has been filed previously, the District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District any obligation whatsoever with respect to persons having interests in such book-entry Certificates other than the Owners, as shown on the Certificate registration books. By executing a Letter of Representations, the District shall agree to take all action necessary at all times so that the District

will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District shall take such other actions, not inconsistent with this Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Certificates, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Certificates or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Certificate for each of the maturity dates of such book-entry Certificates, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Certificates shall no longer be restricted to being registered in such Certificate register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the provisions of Sections 2.6 and 2.7 hereof.

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

(e) Transfer of Certificates to Substitute Depository.

(i) The Certificates shall be initially executed and delivered as provided in Section 2.1 hereof. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.10(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Certificate, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Certificates then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the District to the Trustee, new Certificates, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.10 hereof, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such written request from the District.

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

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

ARTICLE III

DELIVERY OF CERTIFICATES; DELIVERY COST FUND

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

Section 3.2 Application of Proceeds of Certificates and Certain Other Moneys. The proceeds received from the sale of the Certificates shall be deposited with the Trustee in the Certificate Proceeds Fund, which the Trustee shall establish, maintain and hold in trust as a separate fund and shall transfer \$_____ into the Delivery Cost Fund and transfer \$_____ to, or at the written direction of, the District for deposit in the Acquisition Fund to pay the cost of the acquisition of the Project and the prepayment of the Prior Agreements. The Trustee shall close the Certificate Proceeds Fund, after such allocations have been made. The Trustee may establish temporary funds or accounts in its records in order to record and facilitate such deposits and transfer.

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

Section 3.4 Delivery Cost Fund. There is hereby established with the Trustee the Delivery Cost Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The moneys in the Delivery Cost Fund shall be used and withdrawn by the Trustee to pay Delivery Costs upon submission of Written Requisitions of the District, in the form attached hereto as Exhibit B stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the date of this Agreement, or upon the earlier Written Request of the District, all amounts remaining in the Delivery Cost Fund shall be transferred by the Trustee for deposit in the Certificate Payment Fund.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.1 Terms of Prepayment.

(a) The Certificates with stated maturities on or after February 1, 20__ are subject to prepayment prior to such stated maturity, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee not more than sixty (60) days nor less than twenty (20) days prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after February 1, 20__, from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment without premium.

(b) The Certificates with a stated maturity on February 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on February 1, 20__ in integral multiples of \$5,000 solely from the scheduled Installment Payment paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

Redemption Date
(February 1)

Principal Amount

(d) The Certificates with a stated maturity on February 1, 20_ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each February 1 on and

after February 1, 20__ in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

***Redemption Date
(February 1)***

Principal Amount

Section 4.2 Selection of Certificates for Prepayment. Whenever less than all of the Certificates are called for prepayment, the Trustee shall select the Certificates or portions thereof to be prepaid from the Outstanding Certificates in accordance with Section 4.1 hereof. The Trustee shall promptly notify the District in writing of the numbers of the Certificates or portions thereof so selected for prepayment. In the event the term Certificates are designated for prepayment, the District may designate which sinking account payments are allocated to such prepayment.

Section 4.3 Notice of Prepayment. Notice of prepayment shall be mailed, first class postage prepaid, or provided through other electronically secure means to be determined by the District and communicated to the Trustee in writing, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books and to the Information Services and Securities Depositories at least twenty (20) days but not more than sixty (60) days prior to the prepayment date.

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

Notice of prepayment of Certificates shall be given by the Trustee on behalf of and at the expense of the District.

With respect to any notice of optional prepayment of Certificates, such notice may state that such prepayment shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such prepayment of moneys that are sufficient to pay the principal of, premium, if any, and interest with respect to such Certificates to be prepaid and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to prepay such Certificates. In the event that such notice of prepayment contains such a condition and such

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

Section 4.4 Partial Prepayment of Certificate. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same maturity.

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

All Certificates prepaid pursuant to the provisions of this Article shall be canceled upon surrender thereof and disposed of by the Trustee, in accordance with its then customary practices.

ARTICLE V

INSTALLMENT PAYMENTS

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

All Installment Payments to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 5.3) shall be paid directly to the Trustee pursuant to the terms of the Assignment Agreement, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one (1) Business Day after the receipt thereof, and the Trustee shall deposit all Installment Payments as and when received in the Certificate Payment Fund. All moneys at any time deposited in the Certificate Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Certificates, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

Section 5.2 Certificate Payment Fund. There is hereby established with the Trustee the Certificate Payment Fund which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Installment Payments remain unpaid. All moneys on deposit in the Certificate Payment Fund (including income or profit from investments) shall be retained therein except as expressly provided herein.

The Trustee shall transfer from the Certificate Payment Fund the following amounts at the times and in the manner hereinafter provided, and shall deposit such amounts in one or more of the following respective funds, each of which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it, and each of which shall be disbursed and applied only as hereinafter authorized. Such amounts shall be so transferred to and deposited in the following respective funds in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(a) Interest Fund. The Trustee, on the last Business Day before each Interest Payment Date (commencing on the last Business Day of ____ 20__), shall deposit in the Interest Fund an amount representing the portion of the Installment Payments designated as interest coming due on the next succeeding February 1 or August 1, as the case may be. No deposit need be made into the Interest Fund so long as there shall be in such fund moneys sufficient to pay the interest portion of Certificates then Outstanding due, if any, on the next February 1 or August 1, as the case may be.

Except as hereinafter provided, moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest with respect to the Certificates when due and payable (including accrued interest with respect to any Certificates prepaid prior to maturity pursuant to this Agreement).

(b) Principal Fund. The Trustee, on the last Business Day before each February 1 (commencing on the last Business Day of February, 2040), shall deposit in the Principal Fund an amount equal to the principal coming due with respect to the Certificates on the next succeeding February 1. No deposit need be made into the Principal Fund so long as there shall be in such fund moneys sufficient to pay the portion of all Certificates then Outstanding designated as principal and coming due on the next succeeding February 1.

Except as hereinafter provided, moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal with respect to the Certificates when due and payable.

(c) Prepayment Fund. Moneys to be used for prepayment pursuant to Section 4.1 hereof and paid by the District pursuant to Section 7.1 of the Installment Purchase Agreement shall be transferred by the Trustee from the Certificate Payment Fund (such Prepayment Fund to be opened by the Trustee, as needed, and upon receipt of written request of the Trustee from the District) and deposited in the Prepayment Fund on the prepayment date specified in the Written Request of the District filed with the Trustee pursuant to Section 7.2 of the Installment Purchase Agreement. Said moneys shall be set aside in the Prepayment Fund solely for the purpose of prepaying the Certificates in advance of their respective stated maturities and shall be applied on or after the date specified for prepayment pursuant to Section 4.1 hereof to the payment of the Prepayment Price with respect to the Certificates to be prepaid upon presentation and surrender of such Certificates.

Section 5.3 Investment of Moneys in Special Funds. Any moneys in the Delivery Cost Fund, the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund shall be invested by the District or, upon the Written Request of the District, by the Trustee, in Permitted Investments which will mature on or before the dates when such moneys are scheduled to

be needed for payment from such fund. Securities acquired as an investment of moneys in a fund shall be credited to such fund.

In the absence of written investment direction from the District, the Trustee shall invest moneys held by it solely in Permitted Investments specified in clause (d) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee shall hold such moneys uninvested. Except as otherwise expressly provided herein, investments shall be valued by the Trustee, as directed in a written Request of the District at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding annual valuation date. The Trustee shall also value investments hereunder in connection with the refunding or prepayment of the Certificates as directed in a Written Request of the District.

Subject to the further provisions of Section 5.3 hereof, the Trustee may sell or present for prepayment any obligations so purchased at the written direction of the District whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any losses, fees, taxes or other charges resulting from such investment, reinvestment or liquidations of investments made pursuant to this Section. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fee therefor. The Trustee may commingle any of the funds or accounts established pursuant to this Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

Section 5.4 Reserved.

Section 5.5 Pledge of Moneys in Funds. All amounts on deposit in the Delivery Cost Fund, the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund are hereby irrevocably pledged to the Owners of the Certificates as provided herein. This pledge shall constitute a first and exclusive lien on the Delivery Cost Fund, the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund for the benefit of the Owners of the Certificates in accordance with the terms hereof and of the Installment Purchase Agreement.

Section 5.6 Rebate Fund.

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

complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the District and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the District with the Tax Certificate or the provisions of this Section.

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

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

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

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

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

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

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

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

ARTICLE VI

COVENANTS

Section 6.1 Corporation and District to Perform Under Installment Purchase Agreement. The Corporation and District covenant and agree with the Owners of the Certificates to perform all obligations and duties imposed on them under the Installment Purchase Agreement and, together with the Trustee, to enforce such Installment Purchase Agreement against the other party thereto in accordance with its terms.

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

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

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

Section 6.3 Tax Covenants. Notwithstanding any other provision of this Agreement, and except as may otherwise be approved by an opinion of Special Counsel that the exclusion from gross income of the portion of interest with respect to the Certificates will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the Certificates 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 or make any use of the proceeds of the Certificates or of any other moneys or property which would cause the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code necessary to preserve the exclusion of interest with respect to the Certificates pursuant to Section 103(a) of the Code.

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

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

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

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

(f) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the execution and delivery of the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District from issuing other Bonds or Contracts the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

Section 6.4 Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocation and application of the Installment Payments, and such books shall be available upon reasonable prior written notice for inspection by the District and by any Owner of Certificates, or his or her agent or representative, at reasonable hours and under reasonable conditions. Each month, so long as the Certificates are Outstanding, the Trustee shall furnish to the District a statement covering receipts, disbursements, allocation and application of amounts on deposit in the funds and accounts created hereunder held by it, which include detail for all investment transactions effected by the Trustee and brokers selected by the District. Upon the District’s election, such statements will be delivered via the Trustee’s Online Trust and Custody service and paper statements will be provided only upon request. The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grants the District the right to receive brokerage confirmations of security transactions as such transactions occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon written Request at no additional cost and other trade confirmations may be obtained from the applicable broker.

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

Section 6.6 Observance of Laws and Regulations. To the extent necessary to assure their performance hereunder, the Corporation and the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Corporation or the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

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

Section 6.8 Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Revenues or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee (including all of its employees, officers and directors), the Corporation and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees and expenses, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The District shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or the Corporation upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Trustee or the Corporation under this Agreement; provided that the Trustee or the Corporation at such party's election may appear in and defend any such suit, action or proceeding. The District shall indemnify and hold harmless the Trustee or the Corporation against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Trustee against any attorneys' fees or other expenses which the Trustee may incur in connection with any litigation (including pre-litigation activities) to which it may become a party by reason of serving as Trustee under this Agreement. The District shall promptly reimburse the Corporation or Trustee in the full amount of any attorneys' fees or other expenses which the Corporation or the Trustee may incur in litigation or otherwise in order to enforce such party's rights under this Agreement or the Certificates.

Section 6.9 Recordation and Filing. The Trustee, upon written Request of the District, shall have authorization, but not the obligation, to record, register, file, renew, refile and re-record all such documents, including continuation statements and any amendments thereto, as may be required by law in order to maintain a security interest in this Agreement and the Assignment Agreement, all in such manner, at such times and in such places as may be required by, and to the extent permitted by, law in order fully to preserve, protect and perfect the security of the Certificate Owners and the

rights and security interests of the Trustee. The Trustee, upon written direction of the District, shall (subject to Section 8.5) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of this Agreement and the Assignment Agreement; it being understood that the Trustee shall have no obligation to so preserve, protect and perfect except upon such written direction of the District.

Notwithstanding anything to the contrary above, the Trustee shall have no duty or liability whatsoever to monitor or notify any party with respect to the timeliness, sufficiency or validity of any such recording, re-recording, filing of continuation statements and the like with respect to this Agreement.

Section 6.10 Eminent Domain. If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.15 of the Installment Purchase Agreement.

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

ARTICLE VII

DEFAULT AND LIMITATION OF LIABILITY

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

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

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

Section 7.3 Other Remedies of the Trustee. The Trustee may:

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

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

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

Section 7.4 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 7.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law.

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

Section 7.7 Trustee Appointed Agent for Certificate-Owners: Direction of Proceedings. The Trustee is hereby appointed the agent and attorney of the Owners of all Certificates outstanding hereunder for the purpose of filing any claims relating to the Certificates. The Owners of a majority in aggregate principal amount of the Certificates Outstanding hereunder shall, upon tender to the Trustee of indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such direction, have the right to direct the method and place of conducting all remedial proceedings by the Trustee, provided such direction shall be in accordance with law and the

provisions of this Agreement and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Certificate-owners not parties to such a direction.

Section 7.8 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own reasonable judgment or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then outstanding pursuant to Section 7.7 hereof, it shall have full power, in the exercising of its rights hereunder for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of, any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificates Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

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

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

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

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

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

Section 7.12 No Responsibility for Sufficiency. The Trustee shall not be responsible for the sufficiency of this Agreement, the Installment Purchase Agreement, or of the assignment made to it by the Assignment Agreement of rights to receive Installment Payments pursuant to the Installment Purchase Agreement, or the value of or title to the Project. The Trustee shall not be responsible or liable for selection or liquidation of investments or any losses, fees, taxes or other charges suffered in connection with any investment of funds, reinvestments or liquidations of investments made by it under the terms of and in accordance with this Agreement.

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

ARTICLE VIII

THE TRUSTEE

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

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

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

The District may, by written request to the Trustee, remove the Trustee and appoint a successor Trustee; provided, however, that if the District is in default under the Installment Purchase Agreement, the Owners of a majority in aggregate principal amount of all Certificates Outstanding may, by written request to the Trustee, remove the Trustee and appoint a successor Trustee. Any such successor shall be a bank or trust company doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

Section 8.4 Compensation of the Trustee. The District shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee compensation for its services and shall reimburse the Trustee (including all of its employees, officers and directors) for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the District; provided, however, that the Trustee shall not otherwise have any claims, except in accordance with Section 7.13 hereof and Section 8.2 of the Installment Purchase Agreement, or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the District. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Certificates and discharge of this Agreement.

Section 8.5 Protection of the Trustee. The Trustee shall be protected and shall incur no liability whatsoever in acting or refraining from acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be

bound to recognize any person as an Owner of any Certificate or to take any action at the request of any such person unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee. The Trustee may consult with counsel of its selection with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

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

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

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel of its selection concerning all matters of trust and its duties hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Agreement or in the performance of its duties hereunder or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

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

The Trustee undertakes to perform such duties, and only such duties as are specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Trustee.

No provision in this Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or the Corporation having any claim against the Trustee arising from this Agreement shall look only

to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

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

The Trustee shall not be deemed to have knowledge or notice (in each case either actual or constructive) of any Event of Default hereunder or under the Installment Purchase Agreement unless and until it shall have actual knowledge thereof or have received written notice thereof at its Designated Corporate Trust Office at the address set forth in Section 11.11 hereof. The Trustee shall, during the existence of any Event of Default (which has not been cured) use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. The Trustee shall, prior to an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Agreement, and no implied covenants or duties shall be read into this Agreement against the Trustee.

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

The Trustee shall be under no obligation to exercise any of the rights or powers vested in the Trustee by this Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Agreement unless such Owners shall have offered to the Trustee indemnity satisfactory to it against the costs, claims, expenses and liabilities which may be incurred therein or thereby.

Section 8.6 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 8.3 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE IX

AMENDMENT OF TRUST AGREEMENT

Section 9.1 Amendments Permitted.

(a) This Agreement and the rights and obligations of the District and of the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates

disqualified as provided in Section 11.4 hereof, shall have been filed, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest or yields-to-maturity, as the case may be, represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

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

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

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

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

Section 9.2 Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificate and presentation of such Owner's Certificate for such purpose at the Designated Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificates such new Certificates shall be exchanged at the Designated Corporate Trust Office of the Trustee without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

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

ARTICLE X

DEFEASANCE

Section 10.1 Discharge of Trust Agreement. When the obligations of the District under the Installment Purchase Agreement shall cease pursuant to Article IX of the Installment Purchase Agreement (except for the right of the Trustee and the obligation of the District to have the money and Permitted Investments mentioned therein applied to the payment of Installment Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.6 herein), then and in that case the obligations created by this Agreement shall thereupon cease, terminate and become void except for the obligation of the District to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein which shall continue until such moneys are so applied and the right of the Owners to have applied and the obligation of the Trustee to apply such moneys and Permitted Investments to the payment of the Certificates as herein set forth, and subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.6, the Trustee shall turn over to the District, after provision for payment of amounts due the Trustee hereunder, as an overpayment of Installment Payments, any surplus in the Certificate Payment Fund and all balances remaining in any other funds or accounts other than moneys and Permitted Investments held for the payment of the Certificates at maturity or on prepayment, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal or interest and premium, if any, represented by the Certificates, and after such payment, this Agreement shall become void.

If moneys or securities described in clauses (a) and (m) of the definition of Permitted Investments are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within thirty (30) days after such moneys or Permitted Investments shall have been deposited with it, mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.8, setting forth (a) the date fixed for prepayment of the Certificates, (b) a description of the moneys or securities described in clauses (a) and (m) of the definition of Permitted Investments so held by it, and (c) that this Agreement has been released in accordance with the provisions of this Section.

Section 10.2 Deposit of Money or Securities with Trustee. Whenever in this Agreement or the Installment Purchase Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or prepay any Certificates, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Agreement and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount represented by such Certificates and all unpaid interest represented thereby to maturity, except that, in the case of Certificates which are to be prepaid prior to maturity and in respect of which notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Prepayment Price and all unpaid interest to such date of prepayment if any, represented by such Certificates; or

(b) non-callable securities described in clauses (a) and (m) of the definition of Permitted Investments which will provide money sufficient to pay the principal at maturity or upon

prepayment plus all accrued interest to maturity or to the prepayment date, as the case may be, represented by the Certificates to be paid or prepaid, as such amounts become due, plus premium, if any, provided that, in the case of Certificates which are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Agreement and the Installment Purchase Agreement or by Written Request of the District) to apply such money or securities to the payment of such principal or Prepayment Price and interest represented by such Certificates.

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

ARTICLE XI

MISCELLANEOUS

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

Section 11.2 Successor Deemed Included in all References to Predecessor. Whenever either the District, the Corporation or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Corporation or the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the District, the Corporation or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.3 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be

proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

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

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

Section 11.4 Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or the District (but excluding Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided for in this Agreement, and shall not be entitled to consent to or take any other action provided for in this Agreement.

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

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

Section 11.6 Disposal of Certificates. Whenever in this Agreement provision is made for the cancellation by the Trustee of any Certificates, the Trustee shall dispose of such Certificates, in accordance with its then customary practices, and deliver a certificate of such disposal to the District.

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

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

Section 11.8 Funds and Accounts. Any fund required by this Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound

industry practices and with due regard for the protection of the security of the Certificates and the rights of every Owner thereof.

Section 11.9 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the District, the Corporation or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The District, the Corporation and the Trustee hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable or invalid.

Section 11.10 California Law. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.11 Notices. All written notices to be given under this Agreement to the parties hereto shall be given by mail, facsimile or personal delivery to the party entitled thereto at its address and facsimile number set forth below, or at such address and facsimile number as the party may provide to the other parties in writing from time to time.

If to the District:	Mission Springs Water District 66575 Second Street Desert Hot Springs, CA 92240 Attention: General Manager
If to the Corporation:	Mission Springs Water Improvement Corporation 66575 Second Street Desert Hot Springs, CA 92240 Attention: President
If to the Trustee:	U.S. Bank Trust Company, National Association U.S. Bank Tower Los Angeles 633 W 5 th Street, 24 th Floor Los Angeles, California 90071 Attention: U.S. Bank Global Corporate Trust

Section 11.12 Execution in Counterparts and Electronic Signing. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of

records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

Section 11.13 Business Day

. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period with no interest accruing for the period after such nominal date.

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

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

By: _____
Authorized Signatory

MISSION SPRINGS WATER DISTRICT
IMPROVEMENT CORPORATION

By: _____
President

By: _____
Secretary

MISSION SPRINGS WATER DISTRICT

By: _____
President of the Board of Directors

By: _____
Secretary of the Board of Directors

EXHIBIT A**[FORM OF CERTIFICATE OF PARTICIPATION]**

MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATE OF PARTICIPATION, SERIES 2026A

Evidencing an Interest of the Owner Hereof
in Installment Payments to be Made by the

MISSION SPRINGS WATER DISTRICT

INTEREST RATE:	CERTIFICATE PAYMENT DATE	DATED DATE	CUSIP
_____%	February 1, ____	_____, 2026	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Certificate of Participation (herein called the "Certificate") is the owner of an undivided interest in the right to receive certain Installment Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under that certain Installment Purchase Agreement (the "Installment Purchase Agreement"), dated as of ____ 1, 2026, by and between Mission Springs Water District Improvement Corporation (the "Corporation") and the Mission Springs Water District (the "District"). The Installment Payments to be made thereunder have been assigned to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), having a Designated Corporate Trust Office in Los Angeles, California. The Trustee has executed and delivered \$_____ aggregate principal amount of Certificates.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Purchase Agreement and the Trust Agreement, dated as of ____ 1, 2026, by and among the Trustee, the Corporation and the District (the "Trust Agreement"), on the Certificate Payment Date (specified above) the Principal Amount (specified above) representing a portion of the Installment Payments designated as principal coming due on the Certificate Payment Date, and to receive an interest component on such principal component at the interest rate per annum specified above, from the Interest Payment Date (as hereinafter defined) preceding the date of execution hereof by the Trustee, unless such date of execution is after a Record Date (as hereinafter defined) and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date, or unless such date of execution is on or before the first Record Date, in which case interest shall be payable from the Dated Date; provided, however, that if, as shown by the records of the Trustee, interest represented by this Certificate is in default, Certificates executed in exchange for this Certificate surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to this Certificate,

or, if no interest has been paid or duly provided for with respect to this Certificate, from the Dated Date.

Interest with respect to this Certificate shall be paid on each February 1 and August 1, commencing ____ 1, 20__ (each, an "Interest Payment Date"), and continuing to and including the Certificate Payment Date or the date of prior prepayment hereof, whichever is earlier. Interest with respect to this Certificate shall be calculated on the basis of a 360-day year of twelve 30-day months. The principal with respect hereto and prepayment premiums, if any, are payable in lawful money of the United States of America upon presentation and surrender at the Designated Corporate Trust Office of the Trustee in Los Angeles, California or such other office as the Trustee may from time to time designate in writing to the District, the Corporation and the registered owners (the "Designated Corporate Trust Office of the Trustee"). Interest with respect hereto is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof as of the close of business on the fifteenth day of the calendar month prior to such Interest Payment Date (the "Record Dates") at the address shown on the books maintained by the Trustee or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date, except, in each case that, if and to the extent that there is a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the owner in whose name this Certificate is registered at the close of business on a special record date as determined by the Trustee.

This Certificate has been executed by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Trust Agreement and the Installment Purchase Agreement are on file at the Designated Corporate Trust Office of the Trustee in Los Angeles, California, and reference is made to the Trust Agreement and the Installment Purchase Agreement and any and all amendments thereto for a description of the pledges and covenants securing the Certificates, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Certificates with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder.

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

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

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

Capitalized terms used herein and not defined herein have the meaning assigned thereto in the Trust Agreement.

This Certificate is transferable by the Registered Owner hereof, in person or by such person's duly authorized attorney, but only in the manner, subject to the limitations and conditions and upon payment of the taxes and governmental charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer, in a form approved by the Trustee. Upon such transfer a new Certificate or Certificates of the same Certificate Payment Date and of authorized denomination or denominations, for a like aggregate principal amount will be delivered to the transferee in exchange herefor.

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

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

The Certificates with stated maturities on or after February 1, 20__ are subject to prepayment prior to such stated maturity, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee not more than sixty (60) days nor less than twenty (20) days prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after February 1, 20__, from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment without premium.

The Certificates with a stated maturity on February 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on February 1, 20__ in integral multiples of \$5,000 solely from the scheduled Installment Payment paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

***Redemption Date
(February 1)***

Principal Amount

The Certificates with a stated maturity on February 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each February 1 on and after February 1, 20__ in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

***Redemption Date
(February 1)***

Principal Amount

As provided in the Trust Agreement, notice of prepayment hereof shall be mailed, first class postage prepaid, not less than twenty (20) days nor more than sixty (60) days prior to the prepayment date, to the Registered Owner of this Certificate at the address thereof appearing on the Certificate registration books. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment. Any defect in the notice or the mailing thereof will not affect the validity of the prepayment of this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Installment Purchase Agreement, as the case may be, the Trust Agreement and the rights and obligations of the District and of the registered owners of the Certificates and of the Trustee or the Installment Purchase Agreement and the rights and obligations of the Corporation and the District and the registered owners of the Certificates and the Trustee, respectively, may be modified or amended with the written consents of the registered owners of a majority in aggregate principal amount of the Certificates (as such term is defined in the Trust Agreement) then outstanding, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest or yield-to-maturity represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the registered owner of each Certificate so affected, or (2) reduce the percentage of registered owners of Certificates whose consent is required for the execution of any amendment or modification of the Trust Agreement or the Installment Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Installment Purchase Agreement, as the case may be, the Trust Agreement and the rights and obligations of the Corporation and the District and of the registered owners of the Certificates or the Installment Purchase Agreement and the rights and obligations of the Corporation and the District

may also be modified or amended, without the consent of the Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes:

- (1) to add to the covenants and agreements of the Corporation or the District contained in the Trust Agreement or the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Trust Agreement or the Installment Purchase Agreement reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the registered owners of the Certificates;
- (2) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or the Installment Purchase Agreement or in regard to questions arising under the Trust Agreement or the Installment Purchase Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the registered owners of the Certificates; and
- (3) to make such other amendments or modifications as may be in the best interests of the registered owners of the Certificates.

Upon acceleration, the Installment Payments and the Certificates shall become due and payable immediately from the sources described in the Installment Purchase Agreement and the Trust Agreement, respectively.

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

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

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

Execution date:

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

By _____
Authorized Signatory

[FORM OF ASSIGNMENT]

ASSIGNMENT

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

Dated: _____

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

Signature Guaranteed:

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

EXHIBIT B

FORM OF DELIVERY COSTS FUND REQUISITION

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and _____ of the Mission Springs Water District, a county water district organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.4 of that certain Trust Agreement, dated as of _____ 1, 2026 (the "Trust Agreement"), by and among the District, the Mission Springs Water District Improvement Corporation and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the undersigned hereby requests the Trustee, upon receipt of invoices from the payees designated on the attached Exhibit A, to disburse from the Delivery Costs Fund established under the Trust Agreement, to the payees the amounts set forth in such invoices but no more than the amounts set forth on Exhibit A, and such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Exhibit A or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein;

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

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

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Trust Agreement.

Dated:

MISSION SPRINGS WATER DISTRICT

By: _____
Its:

EXHIBIT C**FORM OF REQUISITION TO TRANSFER FUNDS**

The undersigned hereby states and certifies:

(i) that he/she is the duly appointed, qualified and _____ of the Mission Spring Water District, a county water district organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.2 of that certain Trust Agreement, dated as of _____ 1, 2026 (the "Trust Agreement"), by and among the District, the Mission Springs Water District Improvement Corporation (the "Corporation") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the undersigned hereby requests the Trustee, transfer \$_____ from the Certificate Proceeds Fund to the Acquisition Fund held by the District pursuant to the Installment Purchase Agreement, dated as of _____ 1, 2026, by and between the District and the Corporation. The transfer shall be made via wire transfer as follows:

[DISTRICT TO INSERT WIRING INFORMATION]

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Trust Agreement.

Dated:

MISSION SPRINGS WATER DISTRICT

By: _____
Its:

INSTALLMENT PURCHASE AGREEMENT

by and between

MISSION SPRINGS WATER DISTRICT

and

MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION

Dated as of ____ 1, 2026

Relating to

\$_____

**MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION,
SERIES 2026A**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of _____ 1, 2026 by and between MISSION SPRINGS WATER DISTRICT, a county water district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”).

W I T N E S S E T H:

WHEREAS, the District proposes to finance the acquisition of certain facilities within its Water System and Wastewater System described in Exhibit A (the “Project”);

WHEREAS, the Corporation has agreed to assist the District in financing the acquisition of the Project for the District on the terms and conditions set forth in this Agreement;

WHEREAS, the District is authorized by Part 5 of Division 12 of the Water Code of the State of California, including but not limited to Article 3 of Chapter 1 thereof, to finance the acquisition and construction of property for its Water System and Wastewater System.

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

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

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

ARTICLE I

DEFINITIONS

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

Accountant's Report

The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund

The term "Acquisition Fund" means the Acquisition Fund by that name created pursuant to Section 3.5 hereof.

Agreement

The term "Agreement" means this Installment Purchase Agreement, by and between the District and the Corporation, dated as of _____ 1, 2026, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Assignment Agreement

The term "Assignment Agreement" means the Assignment Agreement, by and between the Corporation and the Trustee, dated as of _____ 1, 2026, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Bonds

The term "Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Installment Payments and which are secured by a pledge of and lien on Revenues as described in Section 5.1 hereof.

Business Day

The term "Business Day" means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State in which the Designated Corporate Trust Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

Certificates

The term "Certificates" means the \$_____ aggregate principal amount of Mission Springs Water District Revenue Certificates of Participation, Series 2026A, executed and delivered on behalf of the District and at any time Outstanding pursuant to the Trust Agreement.

Closing Date

The term "Closing Date" means the date on which the Certificates are executed and delivered to the original purchaser thereof.

Continuing Disclosure Certificate

The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate (2026A Certificates), dated the Closing Date, of the District, as originally executed and as it may be from time to time amended or supplemented in accordance with its terms.

Contracts

The term “Contracts” means and is limited to all contracts of the District previously or hereafter authorized and executed by the District and the Parity Installment Payments which are on a parity with the Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof, including the 2012 State Loan (but only with respect to the pledge of Wastewater System Revenues under the 2012 State Loan), but excluding contracts entered into for operation and maintenance of the Water System or Wastewater System.

Corporation

The term “Corporation” means the Mission Springs Water District Improvement Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

Date of Operation

The term “Date of Operation” means, with respect to any uncompleted component Parity Project, the estimated date by which such uncompleted component Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the District.

Debt Service

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

- (1) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized);
- (2) those portions of the principal amount of all outstanding serial Bonds maturing in such period, excluding Excluded Principal;
- (3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period, excluding Excluded Principal; and
- (4) those portions of the Contracts required to be made during such period, (except to the extent the interest evidenced and represented thereby is capitalized and excluding Excluded Principal);

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

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

- (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%, and
- (ii) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

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

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

provided further that if the Bonds or Contracts constitute paired obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and

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

District

The term “District” means Mission Springs Water District, a county water district duly organized and existing under and by virtue of the laws of the State of California.

Event of Default

The term “Event of Default” means any of the events specified in Section 8.1.

Excluded Principal

The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Trustee (i) a certificate of an Independent Municipal Advisor to the

effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than 42 months and (ii) a certificate of an Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year

The term “Fiscal Year” means the twelve month period beginning on July 1 of each year and ending on June 30 of the following year, both dates inclusive, or any other twelve month period hereafter selected and designated as the official fiscal year period of the District.

Independent Certified Public Accountant

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

Independent Municipal Advisor

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

Installment Payment Date; Parity Installment Payment Date

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

Installment Payments; Parity Installment Payments

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

Interest Payment Date

The term “Interest Payment Date” means each February 1 and August 1, commencing _____ 1, 20__.

Law

The term “Law” means the County Water District Law of the State of California (being Division 12 of the Water Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Manager

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

Net Proceeds

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

Net Revenues

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

Net Wastewater System Revenues

The term “Net Wastewater System Revenues” means for any Fiscal Year, the Wastewater System Revenues for such Fiscal Year less the Operation and Maintenance Costs allocable to the Wastewater System.

Net Water System Revenues

The term “Net Water System Revenues” means for any Fiscal Year, the Water System Revenues for such Fiscal Year less the Operation and Maintenance Costs allocable to the Water System.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means (i) costs spent or incurred for maintenance and operation of the Water System and Wastewater System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System and Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System and Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds and (ii) all costs of water purchased or otherwise acquired for delivery by the Water System (including any interim or renewed arrangement therefor), but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and

amortization of intangibles or other bookkeeping entries of a similar nature, including but not limited to prior period adjustments or restatements made in subsequent periods which would not have affected the District's statements of revenues, expenses and changes in net position.

Parity Project

The term "Parity Project" means any additions, betterments, extensions or improvements to the District's Water System or Wastewater System designated by the Board of Directors of the District as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Participating Underwriter

The term "Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

Project

The term "Project" means certain facilities within the Water System and Wastewater System of the District described in Exhibit A herein.

Purchase Price

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

Rate Stabilization Funds

The term "Rate Stabilization Funds" means, collectively, the Wastewater System Rate Stabilization Fund and the Water System Rate Stabilization Fund.

Revenue Fund

The term "Revenue Fund" means the Water Fund and the Sewer Fund of the District, together with other accounts that may be created in the future and designated by action of the Board of Directors of the District as a part of the fund called the "Revenue Fund" into which Revenues will be deposited pursuant to Section 5.2.

Revenues

The term "Revenues" means (i) Water System Revenues, (ii) Wastewater System Revenues, and (iii) other revenues received by the District, as determined by generally accepted accounting principles, including, without limiting the generality of the foregoing, (a) all amounts, if and to the extent received by the District as its share of the 1% *ad valorem* property tax not allocated by the Board of Directors of the District to the Water System Revenues or the Wastewater System Revenues, plus (b) the earnings on and income derived from the investment of the amounts described in clause (a) hereof and the general unrestricted funds of the District,

but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any

proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

State

The term “State” means the State of California.

Trust Agreement

The term “Trust Agreement” means the Trust Agreement, dated as of _____ 1, 2026, by and among the District, the Corporation and the Trustee, relating to the Certificates, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

2012 State Loan

The term “2012 State Loan” means that certain Project Finance Agreement entered into on or about August 21, 2012, by and between the District and the California State Water Resources Control Board with respect to State Revolving Fund Project NO. C-06-4250-310.

2026 Certificates

The term “2026 Certificates” means the Mission Springs Water District Revenue Certificates of Participation, Series 2026A.

Wastewater Service

The term “Wastewater Service” means the wastewater treatment service and reclaimed water sales made available or provided by the Wastewater System.

Wastewater System

The term “Wastewater System” means the whole and each and every part of the wastewater treatment of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater treatment system or any part thereof hereafter acquired or constructed.

Wastewater System Rate Stabilization Fund

The term “Wastewater System Rate Stabilization Fund” means the District account of that name established pursuant to Section 5.5.

Wastewater System Revenues

The term “Wastewater System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Wastewater System, determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing,

- (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the furnishing of wastewater treatment

or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Wastewater System, plus

(2) the facility capacity charges or similar charges related to the Wastewater System, plus

(3) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated by the Board of Directors of the District to the Wastewater System Revenues, if and to the extent received and so allocated by the District, plus

(4) the earnings on and income derived from the investment of the amounts described in clauses (1), (2) and (3) hereof, plus

(5) notwithstanding the application of generally accepted accounting principles, all amounts transferred from the Wastewater System Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 5.5(a) hereof;

but excluding in all cases all amounts transferred from the Revenue Fund to the Wastewater System Rate Stabilization Fund in accordance with Section 5.5(a) hereof, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

Water Service

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

Water System

The term “Water System” means the whole and each and every part of the water system of the District, including District recycled water facilities, and including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system and recycled water facilities or any part thereof hereafter acquired or constructed.

Water System Rate Stabilization Fund

The term “Water System Rate Stabilization Fund” means the District account of that name established pursuant to Section 5.5.

Water System Revenues

The term “Water System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of water, recycled water or other services, facilities, and commodities sold, furnished or

supplied through the facilities of or in the conduct or operation of the business of the Water System, plus

- (2) the proceeds of any stand-by or water availability charges, plus
- (3) the facility capacity charges or similar charges related to the Water System, plus
- (4) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated by the Board of Directors of the District to the Water System Revenues, if and to the extent received and so allocated by the District, plus
- (5) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the recreation facilities which are operational; plus
- (6) the earnings on and income derived from the investment of the amounts described in clauses (1), (2), (3), (4) and (5) hereof, , plus
- (5) notwithstanding the application of generally accepted accounting principles, all amounts transferred from the Water System Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 5.5(b) hereof;

but excluding in all cases all amounts transferred from the Revenue Fund to the Water System Rate Stabilization Fund in accordance with Section 5.5(b) hereof, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes or assessments restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

Written Consent of the Corporation or District, Written Order of the Corporation or District, Written Request of the Corporation or District, Written Requisition of the Corporation or District

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

- (a) The District is a county water district duly organized and existing under and pursuant to the laws of the State of California.

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

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

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

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District sell the Project to the Corporation and acquire the Project, in the manner provided for in this Agreement.

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

(a) The Corporation is a nonprofit public benefit corporation duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.

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

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

ARTICLE III

ACQUISITION OF THE PROJECT

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

Section 3.2 Title. All right, title and interest in the Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the Corporation or the District and the Corporation shall, if requested by the District or if necessary to assure such automatic vesting deliver any and all documents required to assure such vesting.

Section 3.3 Acquisition and Construction of the Project. The Corporation hereby agrees to cause the Project, and any additions or modifications thereto, to be constructed, acquired or installed by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Corporation, the complete construction, acquisition and installation of the Project. The District hereby agrees that it will cause the construction, acquisition and installation of the Project to be diligently performed after the deposit of funds with the Trustee pursuant to the Trust Agreement, upon satisfactory completion of design work and compliance with all environmental and other laws including, but not limited to, the California Environmental Quality Act and approval by the Board of Directors of the District, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.4 Changes to the Project. The District may substitute other improvements for those listed as components of the Project in Exhibit A hereto, but only if the District first files with the Corporation and the Trustee a statement of the District:

- (a) identifying the improvements to be deleted from such Exhibit and the improvements to replace such deleted improvements; and
- (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.5 Acquisition Fund. There is hereby established with the District the Acquisition Fund. The District shall deposit moneys received from the proceeds of the Certificates into the Acquisition Fund.

The moneys in the Acquisition Fund shall be held by the District in trust and moneys therein shall be applied to the payment of the costs of acquisition and construction of the Project, and of expenses incidental thereto, including costs of delivering the Certificates. Before any payment is made from the Acquisition Fund by the Director of Finance of the District, the Manager of the District shall cause to be filed with the Director of Finance of the District a Written Requisition of the District in the form set forth in Exhibit C hereto.

Upon receipt of each such Written Requisition, the Director of Finance of the District will pay the amount set forth in such Written Requisition as directed by the terms thereof. The Director of Finance of the District need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the Project shall have been constructed and acquired in accordance with this Agreement, a statement of the District stating the fact and date of such acquisition, construction and

acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Director of Finance of the District and the Trustee by the District. Upon the receipt of such statement, the Director of Finance of the District shall transfer any remaining balance in the Acquisition Fund and not needed for Acquisition Fund purposes (but less the amount of any such retention which amount shall be certified to the Director of Finance of the District by the District) to the Trustee which shall transfer such amounts to the Certificate Payment Fund for deposit by the Trustee in the Certificate Payment Fund.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1 Purchase Price.

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

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit B hereto.

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

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

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

Subject to Section 10.1 hereof, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the Water System, Wastewater System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.1 Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund and the Rate Stabilization Funds are hereby irrevocably pledged to the payment of the Installment Payments as provided herein and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund and the Rate Stabilization Funds as permitted herein, the Revenue Fund, the Rate Stabilization Funds and other funds and accounts created hereunder for the payment of the Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and the Trust Agreement.

Section 5.2 Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this Agreement.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter all remaining moneys in the Revenue Fund shall be applied by the District at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Installment Payments. Not later than each Installment Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

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

(c) Surplus. Moneys on deposit in the Revenue Fund on any date when the District reasonably expects such moneys will not be needed for the payment of Operation and

Maintenance Costs or for any of the purposes described in clauses (a) or (b) may be expended by the District at any time for any purpose permitted by law, including, but not limited to the deposit of amounts in the Rate Stabilization Funds in accordance with Section 5.5 hereof.

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

(a) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year; and

(b) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges for the Water Service and Wastewater Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(c) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the Manager of the District on file with the District, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for the Water Service and Wastewater Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the Manager on file with the District, shall produce a sum equal to at least one hundred fifteen percent (115%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

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

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

Section 5.5 Rate Stabilization Funds.

(a) Wastewater System Rate Stabilization Fund. There is hereby established a special fund designated as the “Wastewater System Rate Stabilization Fund” to be held and maintained by the District in trust hereunder, which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. Money transferred by the District from the Revenue Fund to the Wastewater System Rate Stabilization Fund in accordance with Section 5.2(c) shall be held in the Wastewater System Rate Stabilization Fund and applied in accordance with this Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Wastewater System Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.2 hereof or, in the event that all or a portion of the Installment Payments are discharged in accordance with Article IX hereof, transfer all or any portion of such amounts for application in accordance with said Article IX. Amounts transferred from the Wastewater System Rate Stabilization Fund to the Revenue Fund pursuant to this Section 5.5(a) during or within 270 days after a Fiscal Year, may be taken into account as Wastewater System Revenues for purposes of the calculations in Sections 5.3 and 6.13(b) in such Fiscal Year.

(b) Water System Rate Stabilization Fund. There is hereby established a special fund designated as the “Water System Rate Stabilization Fund” to be held and maintained by the District in trust hereunder, which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. Money transferred by the District from the Revenue Fund to the Water System Rate Stabilization Fund in accordance with Section 5.2(c) shall be held in the Water System Rate Stabilization Fund and applied in accordance with this Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Water System Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.2 hereof or, in the event that all or a portion of the Installment Payments are discharged in accordance with Article IX hereof, transfer all or any portion of such amounts for application in accordance with said Article IX. Amounts transferred from the Water System Rate Stabilization Fund to the Revenue Fund pursuant to this Section 5.5(b) during or within 270 days after a Fiscal Year, may be taken into account as Wastewater System Revenues for purposes of the calculations in Sections 5.3 and 6.13(a) in such Fiscal Year.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.1 Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances

that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 10.6 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the Project by the District pursuant to, and in accordance with, and as authorized under the Law.

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

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

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

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

Section 6.4 Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate

within the District any water or wastewater system competitive with the Water System or Wastewater System.

Section 6.5 Tax Covenants. Notwithstanding any other provision of this Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest with respect to the Certificates will not be adversely affected for federal income tax purposes, the District and the Corporation covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

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

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

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

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

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

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

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

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

and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

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

Section 6.8 Compliance with Contracts. The District will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to pay Installment Payments when due; and the District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Water System or Wastewater System, to the extent that the District is a party thereto.

Section 6.9 Insurance.

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

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

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Water System or Wastewater System, respectively, and/or the cost of the construction of additions, betterments, extensions or improvements to the Water System or Wastewater System, respectively, then the excess Net Proceeds shall be deposited in the Revenue Fund. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System or Wastewater System, and/or not to construct other additions, betterments, extensions or improvements to the Water System or Wastewater System; and thereupon such Net Proceeds shall be applied in part to the payment of the Installment Payments due hereunder in the same proportion which the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of all Bonds and Contracts and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the

aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of all Bonds and Contracts. If the Certificates are not subject to optional redemption at the time of the deposit, the District shall provide a Written Order to the Trustee describing how such funds are to be invested and applied. In the event that any Certificates are to be redeemed from such Net Proceeds, the District shall provide a Written Request to the Trustee pursuant to Section 4.1(a) of the Trust Agreement.

(b) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Corporation, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with water and wastewater systems similar to the Water System and Wastewater System.

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

Section 6.10 Accounting Records; Financial Statements and Other Reports.

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

(b) The District will prepare and file with the Corporation and the Trustee annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2026) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

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

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

Section 6.13 Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the

Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Water System.

(b) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

(c) The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Water System Revenues or Net Wastewater System Revenues, as applicable, from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(d) For avoidance of doubt, so long as the District has complied with its obligations set forth in subsection (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in Section 6.13(a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.13(a) and (b) at the commencement of the succeeding Fiscal Year.

Section 6.14 Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service and Wastewater Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

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

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

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied by the District, in part, to the payment of the Installment Payments due hereunder in the same

proportion which the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of all Bonds and Contracts and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of all Bonds and Contracts. If the Certificates are not subject to optional redemption at the time of the deposit, the District shall provide a Written Order to the Trustee describing how such funds are to be invested and applied. In the event that any Certificates are to be redeemed from such Net Proceeds, the District shall provide a Written Request to the Trustee pursuant to Section 4.1(a) of the Trust Agreement.

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

Section 6.17 Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay Installment Payments.

Section 6.18 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner of Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificate for federal income tax purposes.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1 Prepayment.

(a) The District may prepay the Installment Payments maturing on and after February 1, 20__ either in inverse order of maturity or pro rata among maturities, as a whole or in part, or as otherwise selected by the District, on any date on or after February 1, 20__ from any available funds. The principal amount of the unpaid Installment Payments is payable at a prepayment price equal to the principal amount of the Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment without premium.

(b) Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have

been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Corporation).

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

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

(a) if default shall be made by the District in the due and punctual payment of the principal with respect to any Installment Payments when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for prepayment, by acceleration, or otherwise;

(b) if default shall be made by the District in the due and punctual payment of the interest with respect to any Installment Payments when and as the same shall become due and payable;

(c) if default shall be made by the District in the observance of any of the other covenants, agreements or conditions on its part in the Agreement if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Trustee or by the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such thirty (30) day period and corrective action is instituted by the District within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder;

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

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

then and in each and every such case during the continuance of such Event of Default specified in clauses (d) and (e) above, the Corporation shall, and for any other such Event of Default the Corporation may, upon notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or

decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the Installment Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation or provision deemed by the Corporation to be adequate shall have been made therefor, then and in every such case the Corporation by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2 Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received shall be applied in the following order -

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation and Trustee, including reasonable compensation to its accountants and counsel, pursuant to Section 8.4 of the Trust Agreement;

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

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms, in the following order of priority:

First: to the persons entitled thereto of all installments of interest then due with respect to the Installment Payments, with respect to such Contract or on such Bonds, as applicable, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: to the persons entitled thereto of all installments of unpaid principal with respect to any Installment Payments, with respect to such Contract or on such Bonds, as applicable, which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available shall not be sufficient to pay in full all the Installment Payments together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: if there shall exist any remainder after the foregoing payments, such remainder shall be paid to the District.

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1 Discharge of Obligations.

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

(b) there shall have been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (1) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

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

then and in that event, the right, title and interest of the Corporation herein and the obligations of the District hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Installment Payments);

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

ARTICLE X

MISCELLANEOUS

Section 10.1 Liability of District Limited to Revenues. The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained herein, the District shall not be required to advance

any moneys derived from any source of income other than the Revenues, the Revenue Fund and the Rate Stabilization Funds for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

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

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

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

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

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

Section 10.7 Assignment. This Agreement and any rights hereunder may be assigned by the Corporation, as a whole or in part, without the necessity of obtaining the prior consent of the District.

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

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

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

If to the District:	Mission Springs Water District 66575 Second Street Desert Hot Springs, CA 92240 Attention: General Manager
If to the Corporation:	Mission Springs Water Improvement Corporation 66575 Second Street Desert Hot Springs, CA 92240 Attention: President
If to the Trustee:	U.S. Bank Trust Company, National Association U.S. Bank Tower Los Angeles 633 W 5 th Street, 24 th Floor Los Angeles, California 90071 Attention: U.S. Bank Global Corporate Trust

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

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

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

Section 10.14 Amendments Permitted. This Agreement and the rights and obligations of the Corporation, the District, the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, shall have been filed with

the Trustee. No such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or change the method of computing the rate of interest with respect thereto, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement without the consent of the Owners of all Certificates then Outstanding, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its respective written consent thereto.

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

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

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

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

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

Section 10.15 Concerning the Trustee. U.S. Bank Trust Company, National Association, in acting hereunder, is acting solely in its capacity as Trustee under the Trust Agreement, and in so acting, shall be entitled to all of the rights, privileges, protections, immunities and indemnities afforded to the Trustee under the Trust Agreement, as if fully set forth herein.

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

MISSION SPRINGS WATER DISTRICT

President of the Board of Directors

ATTEST

Secretary of the Board of Directors

MISSION SPRINGS WATER DISTRICT
IMPROVEMENT CORPORATION

President

Secretary

EXHIBIT A
THE PROJECT

The Project comprises the following described improvements to the Water System:

- New headquarters building
- Water booster station located at _____
- Water booster station located at _____

EXHIBIT B**PURCHASE PRICE**

1. The principal amount of payments to be made by the District hereunder is \$_____
2. The installment payments of principal and interest are payable in the amounts and on the Installment Payment Dates as follows:

<i>Installment Payment Date*</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
---	--	---	---------------------

* Installment Payment Dates are the fifth day prior to each Interest Payment Date set forth in this table.

EXHIBIT C**FORM OF REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND****MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
SERIES 2026A**

The undersigned hereby states and certifies:

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

(ii) that, pursuant to Section 3.5 of that certain Installment Purchase Agreement, dated as of ____ 1, 2026 (the "Installment Purchase Agreement"), by and between the District and the Mission Springs Water District Improvement Corporation, the undersigned hereby requests the Director of Finance of the District to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit A;

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

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

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

MISSION SPRINGS WATER DISTRICT

General Manager

EXHIBIT A

ACQUISITION FUND DISBURSEMENTS

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

ASSIGNMENT AGREEMENT

by and between

MISSION SPRINGS WATER DISTRICT IMPROVEMENT CORPORATION

and

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

Dated as of _____ 1, 2026

relating to

\$_____

**MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A**

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of ____ 1, 2026 by and between the Mission Springs Water District Improvement Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”) and U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

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

Section 1. Assignment. The Corporation, for good and valuable consideration in hand received, does hereby sell, assign and transfer to the Trustee without recourse, for the benefit of the owners of the Revenue Certificates of Participation, Series 2026A (the “Certificates”), to be executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of ____ 1, 2026 (the “Trust Agreement”), by and among the Mission Springs Water District (the “District”), the Corporation and the Trustee, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of ____ 1, 2026 (the “Installment Purchase Agreement”), by and between the District and the Corporation including the right to receive all installment payments from the District under the Installment Purchase Agreement (but not including the right to be indemnified and the right to receive notices pursuant to the Installment Purchase Agreement), together with any and all of the other rights of the Corporation under the Installment Purchase Agreement as may be necessary to enforce payment of such installment payments when due or otherwise to protect the interests of the owners of the Certificates. The assignment herein is absolute and presently effective.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such installment payments from the District under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Trust Agreement, and all such installment payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

Section 3. Conditions. This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. This Assignment Agreement shall constitute a complete assignment by the Corporation of all of its rights under and pursuant to the Installment Purchase Agreement, except as otherwise provided herein.

Section 4. Concerning the Trustee. U.S. Bank Trust Company, National Association is executing this Assignment Agreement solely in its capacity as Trustee under the Trust Agreement, and in acting hereunder shall be entitled to all of the rights, privileges, protections, immunities and indemnities afforded to the Trustee under the Trust Agreement, as if fully set forth herein.

Section 5. California Law. THIS ASSIGNMENT AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

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

MISSION SPRINGS WATER DISTRICT
IMPROVEMENT CORPORATION

By: _____
Its: President

By: _____
Its: Secretary

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

By: _____
Its: Authorized Officer

\$ _____
MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A

CERTIFICATE PURCHASE AGREEMENT

_____, 2026

Mission Springs Water District
 66575 2nd St.
 Desert Hot Springs, California 92240

Ladies and Gentlemen:

Wells Fargo Bank, N.A. (the “**Underwriter**”), acting not as fiduciary or agent for you, but on behalf of itself, offers to enter into this Certificate Purchase Agreement (this “**Purchase Agreement**”) with the Mission Springs Water District (the “**District**”), which upon acceptance will be binding upon the District and upon the Underwriter. This offer is made subject to the District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 p.m., Pacific Standard Time, on the date of this Purchase Agreement and, if not, so accepted will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

The primary role of the Underwriter, acting through the Wells Fargo Bank, NA Municipal Finance Group, which conducts municipal securities sales, trading and underwriting operations on behalf of the Underwriter, is to purchase the Revenue Certificates of Participation, Series 2026A (the “**Certificates**”), for resale to investors, in an arm’s-length commercial transaction between the District and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the District. The District acknowledges and agrees that: (i) the purchase and sale of the Certificates (as defined below) pursuant to this Purchase Agreement is an arm’s length commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the District and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated by the Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter have provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (iv) the District has consulted the District’s own financial and/or municipal legal, accounting, tax and other advisors, as applicable, to the extent the District has deemed appropriate. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “**MSRB**”).

Section 1. Obligation to Purchase.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the District hereby agrees to cause to be executed and delivered by U.S. Bank Trust Company, National Association (the “**Trustee**”), \$_____ aggregate principal amount of Certificates pursuant to a Trust Agreement, dated as of _____ 1, 2026 (the “**Trust Agreement**”), by and among the District, the Mission Springs Water District Improvement Corporation (the “**Corporation**”), and the Trustee, and the Underwriter hereby agrees to purchase all of the Certificates for offering to the public. The Certificates shall be delivered in the form of current interest certificates and shall represent the fractional undivided interests of the Owners thereof in installment payments (the “**Installment Payments**”) under an Installment Purchase Agreement, dated as of _____ 1, 2026 (the “**Installment Purchase Agreement**”), to be made by the District to the Corporation, representing principal installments and interest payments payable at the rates per annum set forth in Appendix A hereto. The Corporation has assigned to the Trustee the right of the Corporation to receive and collect the Installment Payments due from the District to the Corporation under the Installment Purchase Agreement and other amounts payable by the District to the Corporation, pursuant to the Assignment Agreement, dated as of _____ 1, 2026, by and between the Trustee and the Corporation (the “**Assignment Agreement**”).

Interest with respect to the Certificates will be payable on each February 1 and August 1, commencing [February 1, 2027]. The Certificates shall also represent principal payments due on the dates and in the amounts set forth in Appendix A. The Certificates shall be as described in, shall be subject to prepayment and shall be executed and delivered under and pursuant to the Trust Agreement. Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings set forth for such terms in the Trust Agreement. The Underwriter agrees to make a bona fide initial public offering of all the Certificates at a price not in excess of the initial public offering prices or yields not less than the yields to be set forth in the Official Statement (defined below). Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices or yields as it deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth on Appendix A hereto.

The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues of the District’s Water System (the “**Water System**”) and the District’s Wastewater System (the “**Wastewater System**”), consisting of District’s Water System Revenues remaining after payment of District’s Water System Operation and Maintenance Costs and District Wastewater System Revenues remaining after payment of District Wastewater System Operation and Maintenance Costs, respectively.

Neither the Certificates nor the obligation of the District to make the Installment Payments constitutes a debt or indebtedness of such District, the Corporation, the County of Riverside (the “**County**”), the State of California (the “**State**”) or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction, or constitutes a pledge of the full faith and credit of any of the District, the Corporation, the County, the State or any of its political subdivisions.

The District will, pursuant to a Continuing Disclosure Certificate (the “**Continuing Disclosure Undertaking**”), dated as of the Closing Date (defined herein), undertake to provide certain annual financial information and notices of the occurrence of certain listed events, under federal

securities laws. A description of this undertaking is set forth in the Preliminary Official Statement and the Final Official Statement (each as described herein).

The Certificates are being executed and delivered to: (i) finance the acquisition of certain facilities for the District, and (ii) pay costs of delivery of the Certificates.

Section 2. Purchase Price.

The purchase price of the Certificates shall be \$_____ (which represents the total aggregate principal amount with respect to the Certificates originally sold and delivered, plus an original issue premium of \$_____, less an Underwriter's discount of \$_____).

Section 3. Official Statement.

(a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Certificates dated [POS Date] (the **"Preliminary Official Statement"**). The District represents that it has deemed the Preliminary Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) promulgated under the Securities Exchange Act of 1934, as amended (the **"Rule"**), except for the omission of certain information permitted to be omitted by such Rule, which generally includes, the offering price(s), interest rate(s), selling compensation, aggregate principal or issue amount, principal amount per maturity, delivery date and rating(s) of and/or on the Certificates.

(b) The Underwriter agrees that prior to the time a final Official Statement relating to the Certificates is available, the Underwriter will send to any potential purchaser of the Certificates, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement relating to the Certificates. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date such request is received.

(c) The District hereby ratifies, confirms and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Certificates: the Preliminary Official Statement, the Official Statement, the District Agreements (defined below), and other documents or contracts to which the District is a party in connection with the transactions contemplated by this Purchase Agreement, including this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

(d) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing, the District shall deliver to the Underwriter a final Official Statement relating to the Certificates dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by the Rule and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the District, Special Counsel (defined herein), and the Underwriter, is referred to herein as the **"Official Statement"**) and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with the Rule, rules of the MSRB, and to meet potential customer requests for copies of the Official Statement. An authorized officer of the District shall execute the Official Statement. Such final Official

Statement shall be substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District who hereby authorizes the Underwriter to use and distribute the final Official Statement in connection with the offering and sale of the Certificates. The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

(e) The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access ("**EMMA**") system or as otherwise provided by the Securities Exchange Commission or MSRB within one business day after receipt thereof from the District, but in no event later than the Closing Date (as defined herein).

(f) References herein to the Preliminary Official Statement and the final Official Statement include the cover page, inside cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

Section 4. Closing.

(a) At or before 9:00 a.m., Pacific Standard time, on [Closing Date], or at such other time or on such earlier or later date as the parties hereto shall agree upon (the "**Closing Date**"), the District will deliver or cause to be delivered to the Underwriter through the facilities of The Depository Trust Company ("**DTC**"), or at such other place upon which the Underwriter and the District may mutually agree, the Certificates in the form of a single fully registered Certificate (which may be printed, copied photostatically or typewritten) for each of the maturities of the Certificates, duly executed, and, at the offices of Special Counsel (defined herein) in Newport Beach, California, or at such other place as may be mutually agreed upon, the other documents mentioned below. Upon satisfaction of all conditions to the closing set forth herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by check, wire transfer or other manner of payment as to which the Underwriter may mutually agree) to the order of the Trustee.

(b) The Certificates shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Trust Agreement. The Certificates shall bear CUSIP Service Bureau numbers, but the failure to print any such number on any of the Certificates shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of, or pay for, the Certificates in accordance with this Purchase Agreement. The Certificates duly executed shall be made available to the Underwriter, electronically, for inspection at least two (2) business days prior to the Closing Date.

Section 5. Representations and Warranties of the District.

The District represents and warrants to the Underwriter that:

(a) The District is a county water district duly organized and existing pursuant to the Constitution and laws of the State of California and has all necessary power and authority to adopt the Resolution and to enter into and perform its duties under the Installment Purchase Agreement, Trust Agreement, Continuing Disclosure Undertaking, and this Purchase Agreement (collectively, the "**District Agreements**"), and, when validly authorized, executed and delivered by the other respective

parties thereto, the District Agreements will constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting, creditors' rights generally.

(b) The execution and delivery by the District of the District Agreements and in compliance with the provisions hereof and thereof, have been duly authorized by all necessary official action on the part of the District and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaw or any agreement to which the District is subject or by which it is bound or by which its properties may be affected, in each case which breach or default has or would have a material adverse effect upon the ability of the District to perform its obligations under the District Agreements.

(c) Except as described in or contemplated by the Preliminary Official Statement or the Official Statement or as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order, filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of the Certificates or the entering into by the District of the District Agreements or the consummation by the District of the transactions contemplated thereby and by this Purchase Agreement, except as have already been obtained or will be obtained on or prior to the Closing Date.

(d) To the best of the District's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending with respect to which proper notice has been duly served upon and received by the District, or threatened against the District, (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance of any of the Certificates, or in any way contesting or affecting the validity of the Certificates or the District Agreements or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or contesting the powers of the District to enter into the District Agreements; (iii) which, except as described in the Preliminary Official Statement and the Official Statement, may result in any material adverse change to the financial condition of the District or to its ability to pay the Installment Payments when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and to the best of the District's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in this paragraph.

(e) Preparation and distribution of the Official Statement pertaining to the Certificates has been duly authorized by the District and the information contained therein as of the date hereof and as of the Closing Date, as to the District, the Wastewater System and the Water System, is and will be true and correct in all material respects and such information does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) The District agrees that if at any time prior to the End of the Underwriting Period, as defined under the Rule, any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall cooperate with the Corporation in promptly preparing an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter, which approval shall not be unreasonably withheld. The Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(g) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offering and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(h) The District will, pursuant to its Continuing Disclosure Undertaking, agree to provide or cause to be provided to the MSRB through its EMMA system and any public or private repository or entity designated by the Securities and Exchange Commission for purposes of the Rule certain annual financial information and operating data, and, in a timely manner, notice of certain listed events respecting the Certificates in order to assist the Underwriter in complying with the Rule. Except as disclosed in the Preliminary Official Statement and Official Statement, the District has not, within the past five years, failed to comply in all material respects with its previous undertakings to provide annual reports and notices of listed events.

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit (other than as permitted by the Rule) to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Except as described in the Preliminary Official Statement and the Official Statement, the District does not have outstanding any other indebtedness which indebtedness is secured by a lien on the Net Revenues on a basis superior to or on a parity with the lien of the Installment Payments on the Net Revenues.

(l) Between the date of this Purchase Agreement and the date of Closing and except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the District will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the Net Revenues.

(m) The financial statements of, and other financial information regarding the District, in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending or, to its

knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

Section 6. Establishment of Issue Price.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) Except as otherwise set forth in Appendix A, the District will treat the first price at which 10% of each maturity of the Certificates (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either: (i) the Underwriter has sold all Certificates of that maturity; or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Special Counsel. For purposes of this Section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

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

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

The Underwriter will advise the District promptly after the close of the fifth business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

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

(d) The Underwriter confirms that: (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable: (A)(1) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Securities of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter; and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter; (B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Securities to the public (each such term being used as defined below); and (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public; and (ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer; and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

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

(2) “underwriter” means: (A) any person that agrees pursuant to a written contract that the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates),

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

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

Section 7. Conditions to the Obligations of the Underwriter.

The obligation of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein and in the Installment Purchase Agreement, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Trustee, the Corporation and the District made in any certificates or other documents furnished pursuant to the provisions hereof or of the District Agreements, and to the performance by the Trustee, the Corporation and the District of their respective obligations to be performed hereunder and under the District Agreements on or prior to the Closing Date, and to the following additional conditions:

(a) As of the Closing Date, the District Agreements and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter with only such changes as shall have been agreed to in writing by the Underwriter, and said agreements shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the execution and delivery of the Certificates and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as Special Counsel shall deem to be necessary and appropriate in order to permit it to render the opinion set forth in Appendix C to the Official Statement.

(b) As of the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, the District and the Corporation.

(c) Marketability Between the Date Hereof and the Closing. The market price or marketability or the ability of the Underwriter to enforce contracts of the sale of the Certificates, at the

initial offering prices set forth in the official statement, in the reasonable opinion of the Underwriter, shall not have been materially adversely affected by reason of any of the following:

(1) Legislation enacted or introduced in the Congress or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or introduced in the Congress recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement or made:

(i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the Installment Payments as would be received by the Corporation or the Trustee under the Installment Purchase Agreement or upon such interest portion of the Installment Payments as would be received by the owners of the Certificates; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Certificates, or obligations of the general character of the Certificates, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the declaration of war or engagement in or escalation of major military hostilities by the United States or any other national emergency or international calamity relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates, or obligations of the general character of the Certificates, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) after the date hereof, up to and including the time of the Closing, there has occurred any change in or particularly affecting the District, the District Agreements, or the Net Revenues as the foregoing matters are described in the Official Statement, which in the

reasonable professional judgment of the Underwriter materially impairs the investment quality of the Certificates;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(8) the withdrawal, suspension, negative change or downgrading or placement on credit watch of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(9) there shall have occurred any materially adverse change in the affairs or financial condition of the District;

(10) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market which, in the Underwriter's reasonable judgment, materially adversely affects the marketability or market price of the Certificates;

(11) legislation enacted by the State legislature or a decision rendered by a State Court, or a ruling, order or regulation (final or temporary) made by a State authority, would have the effect of changing, directly or indirectly, the consequences of interest on obligations of the general character of the Certificates in the hands of the holders thereof; or

(12) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement.

(d) On or prior to the Closing Date, the Underwriter shall receive satisfactory evidence that the Certificates have been assigned the ratings set forth on the cover of the Official Statement, and that such ratings have not been lowered, withdrawn or placed under review or "Credit Alert" prior to the Closing Date.

(e) On or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the District Agreements, each duly executed and delivered by the respective parties thereto, with such amendments, qualifications or supplements as may have been agreed to in writing by the Underwriter;

(2) an approving opinion of Stradling Yocca Carlson & Rauth LLP ("**Special Counsel**") substantially in the form included as Appendix C to the Official Statement, dated the Closing Date and addressed to the District, and a reliance letter addressed to the Underwriter and Trustee, of Special Counsel, together with an additional supplemental

opinion in a form acceptable to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) the District has full right and lawful authority to enter into and perform its duties under the Purchase Agreement, and the Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriter, constitutes legal, valid and binding obligation of the District, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights or remedies and are subject to general principals of equity (regardless of whether such enforceability is considered in equity or at law);

(ii) the statements contained in the Official Statement in the sections entitled "INTRODUCTION," "THE 2026A CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES," "TAX MATTERS" and "CONTINUING DISCLOSURE UNDERTAKING," "APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and "APPENDIX C – FORM OF OPINION OF SPECIAL COUNSEL" insofar as such statements purport to summarize certain provisions of the Certificates, the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Undertaking, and Special Counsel's approving opinion with respect to the exclusion from gross income for federal income tax purposes and exemption from present State of California personal income taxes of the interest component of Installment Payments, present a fair and accurate summary of such provisions therein; and

(iii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) a letter of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as disclosure counsel ("**Disclosure Counsel**") addressed to the Underwriter and the District, to the effect that, based upon the information provided to such counsel in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement, such counsel have no reason to believe that the Preliminary Official Statement, as of its date or the date of this Purchase Agreement, or the Official Statement, as of its date and as of the Closing Date (except for any financial statements and other financial, statistical or engineering data, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters included therein, the appendices thereto, and information relating to The Depository Trust Company and its book-entry only system, as to which no view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(4) an opinion of counsel to the Trustee, addressed to the Underwriter, together with a reliance letter addressed to the Corporation and the District, dated the Closing Date to the effect that:

(i) the Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States with full corporate power to undertake the trust of the Trust Agreement;

(ii) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the Corporation and the District of the Trust Agreement, the Trust Agreement and Assignment Agreement constitute the legal, valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(iii) the Certificates have been validly authorized, executed and delivered by the Trustee; and

(iv) exclusive of federal or state securities laws' requirements, no authorization, approval, action or other filing with any governmental agency or, to such counsel's knowledge, any other person or corporation is required for the valid authorization, execution and delivery of the Trust Agreement and Assignment Agreement;

(5) an opinion of general counsel to the District, addressed to the District, the Trustee and the Underwriter, dated the Closing Date, to the effect that:

(i) the District is duly organized and validly existing as a county water district under the laws of the State of California;

(ii) the resolution of the District approving and authorizing the execution and delivery of the District Documents, and approving the distribution of the Official Statement, was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which proper notice has been duly served upon and received by the District or, to the best of our knowledge, threatened against the District which would materially adversely affect the ability of the District to perform its obligations under the District Documents, the Certificates, or seeking to restrain or to enjoin the execution and delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the District Documents or the Certificates or the accuracy of the Official Statement, or any action of the District contemplated by any of said documents;

(iv) the District's charges and fees with respect to the Water System and the Wastewater System were duly approved and adopted by the District, and are valid and enforceable at the current levels levied by the District;

(v) nothing has come to our attention which would lead us to believe that the information relating to the District, the Wastewater System or the Water System contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(vi) to the best of such counsel's knowledge after due inquiry, the execution and delivery of the District Documents by the District and compliance by the District with the provisions thereof, under the circumstances contemplated thereby, and the execution and delivery of the Certificates do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument applicable to or binding upon the District, or any existing law, regulation, court order, or consent decree to which the District is subject, in each case which breach or default has or would have a material adverse effect upon the ability of the District to perform its obligations under the District Agreements;

(6) an opinion of counsel to the Corporation, addressed to the Corporation, the Trustee and the Underwriter, dated the Closing Date, to the effect that:

(i) the Corporation is duly organized and validly existing as a nonprofit public benefit corporation under the laws of the State of California and is possessed of full power to own and hold real and personal property and to lease and sell the same;

(ii) the resolution of the Corporation approving and authorizing the execution and delivery of the Trust Agreement, the Assignment Agreement and the Installment Purchase Agreement (collectively, the "**Corporation Documents**"), and approving the distribution of the Official Statement, was duly adopted at a meeting of the governing body of the Corporation which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which proper notice has been duly served upon and received by the Corporation or, to the best of our knowledge, threatened against the Corporation which would materially adversely affect the ability of the Corporation to perform its obligations under the Corporation Documents, or in any way contesting or affecting the validity or enforceability of the Corporation Documents or the accuracy of the Official Statement, or any action of the Corporation contemplated by any of said documents; and

(iv) to the best of such counsel's knowledge after due inquiry, the execution and delivery of the Corporation Documents by the Corporation and compliance by the Corporation with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any agreement or other instrument applicable to or binding upon the Corporation, or any existing law, regulation, court order, or consent decree to which the Corporation is subject, in each

case which breach or default has or would have a material adverse effect upon the ability of the Corporation to perform its obligations under the Corporation Documents;

(7) a certificate of the District, dated the Closing Date, signed by an official of the District as may be acceptable to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the District is a county water district, duly organized and validly existing pursuant to the laws of the State of California;

(ii) the District Agreements have been validly authorized and duly executed and delivered by an Authorized Officer of the District designated for such purpose in the applicable Resolution, and constitute the valid and binding limited obligations of the District enforceable in accordance with their respective terms; provided, however, that the representation as to enforceability may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights and may be subject to general principles of equity;

(iii) the representations and agreements of the District contained in the District Agreements, as the case may be, are true and correct in all material respects as of the Closing Date;

(iv) the District has complied with all agreements, covenants and conditions to be complied with by the District on or prior to the Closing Date under the District Agreements;

(v) the information contained in the Official Statement, as to such District, is true and correct and does not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(vi) insofar as it will have a material adverse effect on the ability of the District to enter into, carry out or perform its obligations under the District Documents or to consummate the transactions contemplated thereby, the District is not in material breach of or default under any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and, to the best of such authorized representative's knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and

(vii) the District has obtained insurance as required by the Installment Purchase Agreement, such policies are in full force and effect and have not been revoked or rescinded and, in compliance with the Installment Purchase Agreement;

(8) a certificate of the Corporation, dated the Closing Date, signed by an authorized representative of the Corporation as may be acceptable to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the Corporation Documents have each been validly authorized and duly executed and delivered by the officers of the Corporation designated for such purpose in the Resolution of the Board of Directors of the Corporation and each constitutes the valid and binding limited obligations of the Corporation enforceable in accordance with their respective terms; provided, however, that the representation as to enforceability may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights and may be subject to general principles of equity;

(ii) the representations and agreements of the Corporation contained in the Corporation Documents, as the case may be, are true and correct in all material respects as of the Closing Date;

(iii) the Corporation has complied with all agreements, covenants and conditions to be complied with by the Corporation on or prior to the Closing Date under the Corporation Documents; and

(iv) the information contained in the Official Statement as to the Corporation is true and correct and does not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(9) a certificate of the Trustee, dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) to the knowledge of the Trustee, the representations and agreements of the Trustee in the Trust Agreement and Assignment Agreement are true and correct in all material respects as of the Closing Date;

(ii) to the knowledge of the Trustee, no litigation is pending or threatened against the Trustee (either in state or federal courts) (A) seeking to restrain or enjoin the execution or delivery by the Trustee of any of the Certificates, or (B) in any way contesting or affecting any authority of the Trustee for the execution or delivery of the Certificates or the validity or enforceability of the Certificates, the Assignment Agreement or the Trust Agreement;

(iii) the Trustee has duly executed and delivered the Certificates to or upon the order of the Underwriter and

(iv) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the Corporation and the District of the Trust Agreement and Assignment Agreement, respectively, the Trust Agreement and Assignment Agreement constitute the valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their terms, except as enforcement

may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(10) certified copies of resolutions of the Trustee, the District and the Corporation, as the case may be, authorizing, as applicable, the execution, sale and delivery of the Certificates and the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Undertaking, the Assignment Agreement and this Purchase Agreement, the distribution of the Preliminary Official Statement, and the distribution of the Official Statement;

(11) a tax certificate or agreement of the District in form and substance satisfactory to Special Counsel;

(12) evidence that the federal tax information form 8038-G has been prepared by Special Counsel for filing in connection with the Certificates;

(13) a copy of the filings made for the Certificates and the Installment Purchase Agreement with the California Debt and Investment Advisory Commission in accordance with Sections 8855 and 53583, as applicable, of the California Government Code;

(14) evidence satisfactory to the Underwriter that the Certificates shall have received the rating(s) as set forth in the Official Statement and that any such rating(s) have not been revoked or downgraded;

(15) the opinion of Kutak Rock LLP, Irvine, California, counsel to the Underwriter ("**Underwriter's Counsel**"), dated the Closing Date, addressed to the Underwriter, in form and substance satisfactory to the Underwriter; and

(16) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request.

(f) Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Certificates shall not have been delivered by the District to the Underwriter prior to the close of business, California time, on the Closing Date, then the obligation to purchase Certificates hereunder shall terminate and be of no further force or effect.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given, to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

Section 8. Changes in Official Statement.

After the Closing Date: (a) neither the Corporation nor the District will adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing; and (b) if any event relating to or affecting the Trustee,

either District or the Corporation shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the Official Statement not misleading in light of the circumstances existing at the time such is delivered to a purchaser, the Corporation and the District shall cause to be forthwith prepared and furnished to the Underwriter (at the expense of the District for twenty-five (25) days from the Closing Date and otherwise at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances existing at the time it is delivered to a purchaser, not misleading.

Section 9. Expenses.

(a) All expenses and costs of the Corporation or the District incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Certificates to the Underwriter, including (i) the cost of preparation, printing, execution and delivery of the Certificates; (ii) the acceptance fees of the Trustee and any fees and expenses of Trustee's counsel; (iii) any fees charged by any rating agency in connection with obtaining a rating for the Certificates, including interstate travel, expenses and fees; (iv) the cost of preparation, distribution and delivery of the Preliminary Official Statement and the final Official Statement; (v) the fees and expenses of Special Counsel and Disclosure Counsel; (vi) the fees and expenses of Municipal Advisor to the District; (vii) any premium or fees charged by a credit provider for the credit enhancement of the Certificates; and (viii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Certificates, shall be paid by the District, as set forth in the Trust Agreement.

(b) The District has agreed to pay the Underwriter's discount set forth in Section 2 of this Purchase Agreement, and inclusive in the expense component of the Underwriter's discount are expenses incurred or paid for by the Underwriter on behalf of the District in connection with the marketing, execution, and delivery of the Certificates, including, but not limited to, advertising expenses, fees and expenses of Underwriter's Counsel, the costs of any Blue Sky Memoranda, CUSIP fees, the California Debt and Investment Advisory Commission fee, and transportation, lodging, and meals for the District's employees and representatives.

The District and Underwriter acknowledge that expenses included in the expense component of the Underwriter's discount are based upon estimates. The District and Underwriter agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriter in an amount equal to or greater than \$1,000 (the "**Reimbursement Threshold**"), the Underwriter shall reimburse to the District the amount that the aggregate estimated expenses exceed the aggregate actual expenses. For the avoidance of doubt, the District acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriter in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriter to the District. The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Certificates.

If this Purchase Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the District shall be unable to perform its obligations

under this Purchase Agreement, the District will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Agreement or the offering contemplated hereunder.

Section 10. Notices.

Any notices to be given to the Trustee under this Purchase Agreement shall be given in writing to U.S. Bank Trust Company, National Association, 633 W. 5th Street, 24th Floor, Los Angeles, California 90071, Attention: Lorraine Goodson, Assistant Vice President. Any notices to be given the Underwriter shall be given in writing to Wells Fargo Bank, N.A., 333 S. Grand Avenue, 9th Floor, Los Angeles, CA 90071, Attention: Public Finance Department. Any notices to be given to the District or the Corporation shall be given in writing to Mission Springs Water District, 66575 2nd St., Desert Hot Springs, California 92240, Attention: General Manager.

Section 11. No Assignment.

This Purchase Agreement has been executed by the District and the Underwriter, and shall inure to the benefit of the District and the Underwriter and their respective successors or assigns and no persons other than the foregoing shall acquire or have any right under or by virtue of this Purchase Agreement. All of the representations, warranties and agreements contained in this Purchase Agreement shall survive the delivery of and payment for the Certificates and any termination hereof.

Section 12. Applicable Law.

This Purchase Agreement shall be interpreted, governed and executed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

Section 13. Effectiveness.

This Purchase Agreement shall become effective upon the execution hereof by the Underwriter and the District and shall be valid and enforceable from and after the time of such execution.

Section 14. Severability.

In the event any provision of this Purchase Agreement shall be declared invalid or unenforceable by any court of competent jurisdiction, such shall not invalidate or render unenforceable any other provision hereof.

Section 15. Execution in Counterparts; Electronic Signatures and Electronic Records.

This Purchase Agreement may be executed and entered into in several counterparts, including counterparts that are manually executed and counterparts that are executed with an electronic signature, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. The person associated with any such signature shall be deemed to have had the intent to sign this Purchase Agreement with an electronic signature and agrees that execution of this Purchase Agreement by electronic signature is attributable to such person. All parties executing this Purchase Agreement expressly agree under the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that this Purchase Agreement and all other agreements, certificates, opinions and similar records (“documents”) relating to the Certificates constitute a

“transaction” under the UETA and expressly agree to allow all aspects of the transaction to which the UETA can apply to be conducted by electronic means. For these purposes, a signature by fax, e-mail, or other electronic technology on a document relating to the Certificates shall constitute an “electronic signature” to an “electronic record” under the UETA with respect to this specific transaction.

An electronic signature means a signature that is executed by symbol attached to or logically associated with a record and includes facsimile signatures or signatures transmitted by electronic mail in so-called PDF format. All parties to this Purchase Agreement (a) agree that an electronic signature, whether digital or encrypted, of a party to this Purchase Agreement or any other electronic record associated with the Certificates is intended to authenticate this writing and to have the same force and effect as a manual signature; (b) intended to be bound by the signatures (whether original, faxed, or electronic) on any document relating to the Certificates sent or delivered by facsimile or electronic mail or other electronic means; (c) are aware that the other party(ies) will rely on such signatures; and, (d) hereby waive any defenses to the enforcement of the terms of this Purchase Agreement or any other document related to the Certificates based on the foregoing forms of signature.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, each of the undersigned has executed this Purchase Agreement by its duly authorized officer, effective as of the day and year first above written.

WELLS FARGO BANK, N.A., as Underwriter

By _____
Authorized Officer

Accepted as of the date hereof:

MISSION SPRINGS WATER DISTRICT

By _____
Authorized Officer

Time of Execution: _____ California
time

APPENDIX A**MATURITY SCHEDULE**

\$ _____
MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A

<u>Maturity (February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
20__ ^(T)							
20__ ^(T)							

^(T) Term Certificate.

^(C) Priced to optional call at [par] on February 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____

MISSION SPRINGS WATER DISTRICT REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A

The undersigned, Wells Fargo Bank, N.A. (“Wells Fargo”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Certificates”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Wells Fargo offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.

(b) As set forth in the Certificate Purchase Agreement, dated [BPA Date], by and between Wells Fargo and the Issuer, Wells Fargo has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

3. ***Defined Terms.***

(a) *Issuer* means the Mission Springs Water District.

(b) *General Rule Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “General Rule Maturities.”

(c) *Hold-the-Offering-Price Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

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

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

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

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is [BPA Date].

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

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

Dated: [Closing Date]

WELLS FARGO BANK, N.A., as underwriter

By: _____
Authorized Signatory

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

[TO BE ATTACHED]

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION