

INSTALLMENT PURCHASE AGREEMENT

by and between

SANTA CLARITA VALLEY WATER AGENCY

and

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

Dated as of February 1, 2020

Relating to

\$78,440,000

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2020A

\$172,635,000

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REVENUE BONDS, TAXABLE SERIES 2020B

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into and dated as of February 1, 2020, by and between SANTA CLARITA VALLEY WATER AGENCY, an agency duly organized and existing under and by virtue of the laws of the State of California (the “Agency”), and UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

W I T N E S S E T H:

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

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

WHEREAS, the Agency is authorized pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code to refinance the acquisition of property for the Water System (the “Refunding Project”);

WHEREAS, the Authority has agreed to assist the Agency by financing the 2020 Project and refinancing the Refunding Project;

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

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

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

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

ARTICLE I
DEFINITIONS

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

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

Agency. The term “Agency” means Santa Clarita Valley Water Agency, an agency duly organized and existing under and by virtue of the laws of the State of California, including the Law including as the successor to the Castaic Lake Water Agency and the Newhall County Water District.

Authority. The term “Authority” means Upper Santa Clara Valley Joint Powers Authority, a joint exercise of powers authority created pursuant to a Joint Exercise of Powers Agreement, dated as of June 1, 2011, as amended and restated pursuant to the Amended and Restated Joint Exercise of Powers Agreement, dated as of April 1, 2018, each by and between the Agency and the Devil’s Den Water District.

Bonds. The term “Bonds” means all revenue bonds or notes of the Agency authorized, executed, issued and delivered by the Agency, the payments of which are on a parity with the 2020 Installment Payments and which are secured by a pledge of and lien on the Revenues, and payable from Net Revenues, subordinate to the Senior Obligations.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, dated the date of issuance of the 2020 Bonds, of the Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Contracts. The term “Contracts” means this Installment Purchase Agreement and any amendments and supplements hereto, and all contracts of the Agency previously or hereafter authorized and executed by the Agency which are payable on a parity with the 2020 Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof, including but not limited to the 2018A Installment Purchase Agreement, and any credit facility agreement that may be entered into by the Agency in connection with the issuance of tax revenue anticipation notes issued by the Agency outstanding from time to time, and which are payable from Net Revenues subordinate to the Senior Obligations.

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

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

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

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

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

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

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

provided further that if any series or issue of such Bonds or Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation;

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

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

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

Depository Agreement. The term “Depository Agreement” means the Depository Agreement, dated as of February 1, 2020, by and between the Agency and U.S. Bank National Association, as depository agent, as such Depository Agreement may be supplemented or amended in accordance with the terms thereof.

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

Excluded Principal. The term “Excluded Principal” means each payment of principal of 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 revolving or short-term nature and has a maturity of less than 42 months and (ii) a certificate of an Authorized Representative to the effect that the Agency intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the Agency. No such determination shall affect the security for such Bonds or Contracts or the obligation of the Agency to pay such Bonds or Contracts from Net Revenues.

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

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

Indenture. The term “Indenture” means the Indenture of Trust, dated as of February 1, 2020, by and between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

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

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

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

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

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

Installment Purchase Agreement. The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of February 1, 2020, by and between the Agency and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Law. The term “Law” means Santa Clarita Valley Water Agency Act, Chapter 833 of Statutes of 2017, and all laws amendatory thereof or supplemental thereto and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code.

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

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

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

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less Senior Debt Service, Operation and Maintenance Costs for such Fiscal Year and 1% Property Tax Receipts applied to pay amounts with respect to the 2018A Installment Purchase Agreement for such Fiscal Year.

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

1% Property Tax Account. The term “1% Property Tax Account” means account in the Revenue Fund contained pursuant to Section 5.2 hereof.

1% Property Tax Receipts. The term “1% Property Tax Receipts” means amounts received by the Agency from the counties of Los Angeles and Ventura from the levy by such counties of the 1% *ad valorem* property tax.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means: (i) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of

the Agency that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, consultants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2020 Bonds or of this Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, or payments, if any, required in connection with the Water Contract; and (ii) all payments with respect to Operation and Maintenance Obligations; but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles, including amortization of water rights, unrealized losses in investments, write offs of the value of any impaired assets or other bookkeeping entries of a similar nature and (ii) and any amounts transferred to the Rate Stabilization Fund.

Operation and Maintenance Obligation. The term “Operation and Maintenance Obligation” means any contractual obligation with respect to any facilities, properties, structures, works, services, water or rights to receive water, or any loan of credit to or guaranty of debts, claims or liabilities of any other person (including a joint powers agency of which the Agency is a member) with respect to any facilities, properties, structures, works, services, water or rights to receive water, so long as in each case the payments thereunder are designated as Operation and Maintenance Costs by the Board of Directors of the Agency. Bonds and Contracts shall not constitute Operation and Maintenance Obligations.

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

Paired Obligations. The term “Paired Obligations” means any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are issued or executed and delivered: (i) the principal of which, at the time of adoption or execution of the resolution, indenture or other document authorizing the issuance or execution thereof, is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates with respect to which, taken together, are reasonably expected, at the time of adoption or execution of the resolution, indenture or other document authorizing the issuance or execution thereof, to result in a fixed interest rate obligation of the Agency for the term of such Bond or Contract, as certified by an Independent Municipal Advisor in writing, and which comply with the provisions of Section 10.15 hereof.

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

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

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

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

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

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

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

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

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

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

(v) amounts received by the Agency from the counties of Los Angeles and Ventura from the levy by such counties of the 1% *ad valorem* property tax;

but excluding in all cases (w) all taxes and assessments, *ad valorem* or otherwise (including investment earnings thereon), levied and received by the Agency and restricted by law to be applied to the payment of the Water Contract and related costs, (x) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Agency, (y) excluding any proceeds of taxes or assessments restricted by law to be used by the Agency to pay bonds hereafter issued and (z) any and all revenues derived from the ownership or operation of or a connection with Separate Facilities.

“Revenues” shall also include all amounts transferred from the Rate Stabilization Fund to the Revenue Fund with respect to any Fiscal Year in accordance with Section 5.5 hereof and shall not include any amounts transferred from the Revenue Fund to the Rate Stabilization Fund with respect to any Fiscal Year in accordance with Section 5.2(d) hereof.

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

Senior Obligations. The term “Senior Obligations” means the 1999 Installment Purchase Agreement, which contract is payable from Revenues prior to the Installment Payments, the Bonds and the Contracts.

Separate Facilities. The term “Separate Facilities” means any facilities acquired or financed by the Agency on or after the date hereof and which were not financed from the proceeds of Bonds or Contracts of the Agency and which facilities are determined by the Board of Directors of the Agency to be Separate Facilities.

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

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

2018A Installment Purchase Agreement. The term “2018A Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of January 1, 2018, by and between the Agency and the Authority, as supplemented by Amendment No. 1 to the Installment Purchase Agreement, dated as of February 1, 2020, by and between the Agency and the Corporation.

2020 Installment Payment Date. The term “2020 Installment Payment Date” means the second Business Day preceding each Interest Payment Date pursuant to the Indenture.

2020 Installment Payments. The term “2020 Installment Payments” means the Installment Payments scheduled to be paid by the Agency under and pursuant hereto.

2020 Project. The term “2020 Project” means the additions, betterments, extensions and improvements to the Water System described as the 2020 Project in Exhibit A hereto.

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

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

Water System. The term “Water System” means the whole and each and every part of the water system of the Agency, including the portion thereof existing on the date hereof and all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed, and including any retail water distribution facilities acquired after the date hereof unless the Board of Directors of the Agency determines by resolution that such facilities shall not be included in the Water System, but in either event not including Separate Facilities.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

(d) The Agency will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2020 Project and the portion of the Refunding Project financed from the proceeds of the 2020A Bonds under the terms of this Installment Purchase Agreement included in the gross income of the Authority or its assigns for purposes of federal or State of California personal income taxation.

(e) The Agency has determined that it is necessary and proper for Agency uses and purposes within the terms of the Law that the Agency acquire the 2020 Project and refinance the Refunding Project in the manner provided for in this Installment Purchase Agreement.

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

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

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

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2020 Project and the portion of the Refunding Project financed from the proceeds of the 2020A Bonds under the terms of this Installment Purchase

Agreement being included in the gross income of the Authority for purposes of federal or State of California personal income taxation.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1. Sale of the Refunding Project to Authority. In consideration for the Authority's assistance in refinancing the Refunding Project, the Agency agrees to sell, and hereby sells, to the Authority and the Authority agrees to purchase, and hereby purchases from the Agency, the Refunding Project.

Section 3.2. Purchase and Sale of the 2020 Project and the Refunding Project. In consideration for the 2020 Installment Payments as set forth in Section 4.2, the Authority agrees to sell, and hereby sells, to the Agency, and the Agency agrees to purchase, and hereby purchases, from the Authority, the 2020 Project and the Refunding Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.3. Title. All right, title and interest in the Refunding Project shall vest in the Agency immediately upon execution and delivery of this Installment Purchase Agreement. Each component of the 2020 Project shall vest in the Agency immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the Agency and the Authority shall, if requested by the Agency or, if necessary to assure such automatic vesting, deliver any and all documents required to assume such vesting.

Section 3.4. Acquisition and Construction of the 2020 Project. The Authority hereby agrees to cause the 2020 Project, and any additions or modifications thereto to be constructed, acquired or installed by the Agency as its agent, and the Agency shall enter into contracts and provide for, as agent of the Authority, the complete construction, acquisition and installation of the 2020 Project. The Agency hereby agrees that the Agency will cause the construction, acquisition and installation of the 2020 Project to be diligently performed after the deposit of funds with the Trustee pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the Agency, unforeseeable delays beyond the reasonable control of the Agency only excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2020 Project and that all such costs and expenses shall be paid by the Agency, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.5. Changes to the 2020 Project. The Agency may substitute other improvements for those listed as components of the 2020 Project in Exhibit A hereto, but only if the Agency first files with the Authority and the Trustee a statement of the Agency: (a) identifying the improvements to be deleted from such Exhibit and the improvements to replace such deleted improvements; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned to be paid from the proceeds of the 2020A Bonds.

Section 3.6. Acquisition Fund. There is hereby created with the Agency a fund to be known as the “Acquisition Fund,” which the Agency shall maintain and hold in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the 2020 Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the Manager shall cause to be filed with the Chief Financial and Administrative Officer of the Agency a Written Requisition in the form set forth in Exhibit C hereto. Upon receipt of such Written Requisition, the Chief Financial and Administrative Officer of the Agency will pay the amount set forth therein. The Chief Financial and Administrative Officer of the Agency need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys so to be paid, which has not been released and will not be released simultaneously with such payment.

When the 2020 Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the Agency stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Chief Financial and Administrative Officer of the Agency and the Trustee by the Manager. Upon the receipt of such statement, the Chief Financial and Administrative Officer of the Agency shall transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which shall be certified to the Chief Financial and Administrative Officer of the Agency by the Manager) to the Revenue Fund.

ARTICLE IV

2020 INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

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

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

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

Section 4.2. 2020 Installment Payments. The Agency shall, subject to its rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the 2020 Installment Payment Dates as set forth in a certificate of the Manager, a copy of which shall be delivered to the Trustee by the Agency and is attached hereto as Exhibit B.

Each 2020 Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event that the Agency fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the Agency until such amount shall have been fully paid and the Agency agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the 2020 Installment Payments if paid in accordance with their terms.

The obligation of the Agency to make the 2020 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the Agency will not discontinue or suspend any 2020 Installment Payments required to be made by it under this section when due, whether or not the 2020 Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.1. Pledge of Revenues. All Revenues, the Revenue Fund, the Rate Stabilization Fund and all amounts on deposit in such funds are hereby irrevocably pledged to the payment of the 2020 Installment Payments as provided herein, subject however to the pledge thereon securing Senior Obligations now in existence, and the Revenues shall not be used for any other purpose while any of the 2020 Installment Payments remain unpaid; provided that out of the Revenues and amounts on deposit in the Revenue Fund and the Rate Stabilization Fund, there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, including but not limited to the 2018A Installment Purchase Agreement, shall constitute a second lien on Revenues, the Revenue Fund and the Rate Stabilization Fund and all amounts on deposit therein as permitted herein subordinate to the pledge securing Senior Obligations and, subject to the application of Revenues, in accordance with the terms hereof.

Section 5.2. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Agency agrees and covenants that all Revenues shall be received by the Agency in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund was previously established by the Agency and is hereby continued by the terms of this Section 5.2, and which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. The Revenue Fund includes the 1% Property Tax Account described in Section 5.1(a) below. All 1% Property Tax Receipts shall be deposited in the 1% Property Tax Account and applied in accordance with the Depository Agreement. Moneys in the Revenue Fund shall be used and applied by the Agency as provided in this Installment Purchase Agreement.

To the extent the Agency receives any 1% Property Tax Receipts from the County of Los Angeles or the County of Ventura, the Agency shall immediately transfer such amounts to the Depository Agent for deposit by the Depository Agent in the 1% Property Tax Payment Account.

The Agency shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation

and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Revenue Fund included within the definition of Revenues in the 1999 Installment Purchase Agreement shall be used to make payments with respect to Senior Debt Service on Senior Obligations if 1% Property Tax Receipts are insufficient therefor, and thereafter shall be set aside by the Agency at the following times in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section:

(a) Bond Payment Fund. On or before each 2020 Installment Payment Date, the Agency shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Bond Payment Fund a sum equal to the 2020 Installment Payment coming due on such 2020 Installment Payment Date. The Agency shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, resolution or indenture relating thereto, including but not limited to the 2018A Installment Purchase Agreement to the extent not paid from 1% Property Tax Receipts.

No deposit need be made in the Bond Payment Fund as 2020 Installment Payments if the amount in the Bond Payment Fund is at least equal to the amount of the 2020 Installment Payment due and payable on the next succeeding 2020 Installment Payment Date. All money in the Bond Payment Fund shall be used and withdrawn by the Trustee in accordance with the Indenture.

(b) Reserve Fund. On or before each 2020 Installment Payment Date, the Agency shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority, transfer to the applicable trustee for reserve funds and/or accounts, if any, as may have been established in connection with Senior Obligations, Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto.

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

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

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

(a) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of

such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year; and

(b) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the Agency of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in income, rents, fees, rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the Agency, shall demonstrate a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

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

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

Notwithstanding satisfaction of the other conditions to the execution of any Contract or the issuance of Bonds set forth in this Section 5.3, no such execution or issuance may occur if an Event

of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such Event of Default shall be cured upon such execution or issuance.

Section 5.4. Investments. All moneys held by the Agency in the Revenue Fund, including the 1% Property Tax Account, shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein. All moneys held by the Agency in the Rate Stabilization Fund shall be invested in Permitted Investments and the investment earnings thereon shall be transferred to the Revenue Fund upon receipt thereof.

Section 5.5. Rate Stabilization Fund. There is hereby continued a special fund designated as the "Rate Stabilization Fund" to be held by the Agency in trust hereunder, which fund the Agency agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Money transferred by the Agency from the Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.2(d) shall be held in the Rate Stabilization Fund and applied in accordance with this Installment Purchase Agreement.

The Agency may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.2 hereof or, in the event that all or a portion of the 2020 Installment Payments are discharged in accordance with Section 9.1(b) or (c) hereof, transfer all or any portion of such amounts for application in accordance with said section.

ARTICLE VI

COVENANTS OF THE AGENCY

Section 6.1. Compliance with Installment Purchase Agreement and Ancillary Agreements. The Agency will punctually pay the 2020 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2020 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Agency will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Installment Purchase Agreement and the Indenture that, subject to Section 10.6 hereunder, each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the purchase of and payment for the 2020 Project by the Agency pursuant to, and in accordance with, and as authorized under the Law.

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

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

Section 6.3. Against Sale or Other Disposition of Property. The Agency will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Revenues for the payment of the 2020 Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the Agency to pay the 2020 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

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

Section 6.4. Against Competitive System. The Agency and the Authority hereby acknowledge that Los Angeles County Waterworks District No. 36 Val Verde currently operates a retail water supply and distribution system within the boundaries of the Agency and that nothing contained in this Installment Purchase Agreement is intended to alter or affect such activities. The Agency will not, to the extent permitted by law: (a) acquire, construct, maintain or operate; or (b) within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the Agency any water importation, treatment and distribution facilities competitive with the Water System.

Section 6.5. Tax Covenants. Notwithstanding any other provision of this Installment Purchase Agreement, absent a Favorable Opinion of Special Counsel that the exclusion from gross income of interest on the 2020A Bonds will not be adversely affected for federal income tax purposes, the Agency and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Agency and the Authority will not take or omit to take any action or make any use of the proceeds of the 2020A Bonds or of any other moneys or property which would cause the 2020A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The Agency and the Authority will make no use of the proceeds of the 2020A or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2020A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The Agency and the Authority will make no use of the proceeds of the 2020A Bonds or take or omit to take any action that would cause the 2020A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

(e) Hedge Bonds. The Agency and the Authority will make no use of the proceeds of the 2020A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2020A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Agency and the Authority take all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2020A Bonds for federal income tax purposes.

(f) Miscellaneous. The Agency and the Authority will take no action, or omit to take any action, inconsistent with the expectations stated in any Tax Certificate executed with respect to the 2020A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(g) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this Section 6.5, the Agency covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the 2020A Bonds.

This section shall not be applicable to, and nothing contained herein shall be deemed to prevent the Agency and the Authority from issuing bonds, the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation, including, but not limited to the 2020B Bonds.

Section 6.6. Maintenance and Operation of the Water System. The Agency will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

Section 6.7. Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the Agency pledged to pay the 2020 Installment Payments or to the Owners prior or superior to the lien of the 2020 Installment Payments or which might impair the security of the 2020 Installment Payments.

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

Section 6.9. Insurance.

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

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

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of 2020 Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of 2020 Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the Agency to retire the entire obligation evidenced hereby prior to the final due date of the 2020 Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the Agency may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of 2020 Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

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

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

Section 6.10. Accounting Records; Financial Statements and Other Reports. The Agency will keep appropriate accounting records in which complete and correct entries shall be made of all

transactions relating to the Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions. The Trustee shall have no duties to inspect such records.

Section 6.11. Protection of Security and Rights of the Authority. The Agency will preserve and protect the security hereof and the rights of the Authority to the 2020 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

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

Section 6.13. Amount of Rates and Charges.

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

(b) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to Debt Service payable in such Fiscal Year, the Agency shall fix and prescribe Revenues, other than described in clause (iii) of the definition thereof, that are reasonably expected to be sufficient to yield during such Fiscal Year such Revenues equal to one hundred twenty percent (120%) of Operation and Maintenance Costs during such Fiscal Year.

(c) The Agency may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues or Revenues, as the case may be, from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

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

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

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

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

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of 2020 Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of 2020 Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

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

Section 6.17. Enforcement of Contracts. So long as any of the 2020A Bonds are outstanding, the Agency will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with the Water Contract or any other contracts previously or hereafter entered into which contracts provide for water to be supplied to the Agency which will reduce the supply of water thereunder (except as provided therein) if such rescission or amendment would in any manner impair or adversely affect the rights of the owners from time to time of the 2020A Bonds.

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

Section 6.19. Continuing Disclosure. The Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Installment Purchase Agreement, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owners of 2020A Bonds or Beneficial Owners of at least 50% aggregate principal amount of the 2020A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to

vote or consent with respect to, or to dispose of ownership of, any 2020A Bonds (including persons holding 2020A Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any 2020A Bonds for federal income tax purposes.

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

ARTICLE VII

PREPAYMENT OF SERIES 2020A INSTALLMENT PAYMENTS

Section 7.1. Prepayment.

(a) The Agency may or shall, as the case may be, prepay from the Net Proceeds as provided herein the 2020 Installment Payments in whole or in part in the order of payment date as directed by the Agency, at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The Agency may prepay the 2020 Installment Payments, as a whole or in part, in the order of payment date as directed by the Agency, on the date and at the prepayment price (expressed as a percentage of the principal amount of the 2020A Bonds to be prepaid) plus accrued interest thereon to the date of prepayment, as set forth in Section 4.01 of the Indenture.

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

Section 7.2. Method of Prepayment. Before making any prepayment pursuant to Section 7.1, the Agency shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than sixty (60) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

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

(a) if default shall be made by the Agency in the due and punctual payment of any 2020 Installment Payment or any Contract or Bond when and as the same shall become due and payable;

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

reasonably susceptible to cure within thirty (30) days after notice thereof, such default shall have continued for a period of sixty (60) days;

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

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

then and in each and every such case during the continuance of such Event of Default specified in clause (c) and (d) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the Agency, declare the entire principal amount of the unpaid 2020 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid 2020 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the Agency shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the 2020 Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the 2020 Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid 2020 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the Agency, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

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

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

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

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

Fourth, to the payment of the entire principal amount of the unpaid 2020 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 2020 Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms; and

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

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

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

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

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

Notwithstanding anything contained herein, Authority shall have no security interest in or mortgage on the 2020 Project, the Water System or other assets of the Agency and no default hereunder shall result in the loss of the 2020 Project, the Water System, or other assets of the Agency.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the 2020 Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

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

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations. When:

(a) all or any portion of the 2020 Installment Payments shall have become due and payable in accordance herewith or a written notice of the Agency to prepay all or any portion of the 2020 Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the 2020 Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the 2020 Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clauses (a) or (b) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such 2020 Installment Payments to their respective 2020 Installment Payment Dates or prepayment date or dates as the case may be; and

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

then and in that event, the right, title and interest of the Authority herein and the obligations of the Agency hereunder shall, with respect to all or such portion of the 2020 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the Agency to have such moneys and such Permitted Investments applied to the payment of such 2020 Installment Payments).

In such event, upon request of the Agency, the Trustee shall cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Agency and shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the Agency, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of 2020 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 2020 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the 2020 Installment Payments and shall be applied by the Trustee to the payment of the 2020 Installment Payments of the Agency.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of Agency Limited. Notwithstanding anything contained herein, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided herein and in the Indenture for the payment of the 2020 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The Agency may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Agency for such purpose.

The obligation of the Agency to make the 2020 Installment Payments is a special obligation of the Agency payable solely from such Net Revenues and other funds described herein, and does not constitute a debt of the Agency or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

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

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

Section 10.4. Waiver of Personal Liability. No director, officer or employee of the Agency shall be individually or personally liable for the payment of the 2020 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the Agency from the performance of any official duty provided by any applicable provisions of law or hereby.

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

Section 10.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Agency and the

Authority hereby declare that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

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

Section 10.8. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the Agency shall pay absolutely net during the term hereof of the 2020 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

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

If to the Agency:	Santa Clarita Valley Water Agency 27234 Bouquet Canyon Road Santa Clarita, California 91350 Attention: General Manager
If to the Authority:	Upper Santa Clara Valley Joint Powers Authority 27234 Bouquet Canyon Road Santa Clarita, California 91350 Attention: Executive Director
If to the Trustee:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Reference: Santa Clarita Valley Water Agency, Series 2020A/B

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

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

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

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Authority, the Agency, the 2020A Bond Owners and the 2020B Bond Owners, and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2020A Bonds and 2020B Bonds then Outstanding, exclusive of 2020A Bonds and 2020B Bonds disqualified as provided in Section 9.02 of the Indenture, are filed with the Trustee. No such amendment or supplement shall: (i) reduce the rate of interest on any 2020A Bond or 2020B Bond or extend the time of payment thereof or reduce the amount of principal or redemption premium, if any, of any 2020A Bond or 2020B Bond or extend the maturity thereof or otherwise alter or impair the obligation of the Authority to pay the interest and principal and redemption premium, if any, thereon at the time and place and at the rate and in the currency and from the funds provided therein without the prior written consent of the Owner of the 2020A Bond or 2020B Bond so affected; or (ii) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

(b) This Installment Purchase Agreement and the rights and obligations of the Authority, the Agency, the 2020A Bond Owners, the 2020B Bond Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law:

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

(2) to modify, amend or supplement this Installment Purchase Agreement in such a manner as to preserve the exemption of the 2020A Bonds or 2020B Bonds from the registration requirements of the Securities Act of 1933 or any similar federal statute hereafter in effect or to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereinafter in effect;

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

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

(5) to make any modifications or changes necessary or appropriate in the opinion of Special Counsel to preserve or protect the exclusion from gross income for federal income tax purposes of interest on the 2020A Bonds.

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

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

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

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

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

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



SANTA CLARITA VALLEY WATER AGENCY

By: *Gary Martin*
President of the Board of Directors

Attest:

April Jacobs
Secretary of the Board of Directors

UPPER SANTA CLARA VALLEY JOINT
POWERS AUTHORITY

By: *[Signature]*
President

Attest:

April Jacobs
Secretary

EXHIBIT A

DESCRIPTION OF THE 2020 PROJECT

The Project comprises the following described components:

- Castaic Conduit
- ESFP Sludge Collection System
- Honby Parallel
- Magic Mountain Pipeline No. 4
- Magic Mountain Pipeline No. 5
- Magic Mountain Pipeline No. 6
- Magic Mountain Reservoir I & II
- Recycled Water Program Phase II, 2A - Central Park
- Recycled Water Program Phase II, 2B - Vista Canyon
- Recycled Water Program Phase II, 2C - South End
- Recycled Water Program Phase II, 2D - West Ranch
- Rosedale Rio Bravo Extraction
- Saugus Formation Dry Year Reliability Wells
- Southern Service Area Storage, Pipeline & Pump Station
- Sand Canyon Reservoir Expansion
- Solar Panel Termination Price
- PFAS Treatment

DESCRIPTION OF THE REFUNDING PROJECT

The Refunding Project comprises the following described components.

Component

2001 Project (relating to the 2010A Certificates)

- Honby Extension and Storage (Phase 2)
- Recycled Water Phase 1B
- Banking and Other
- Banking (Saugus Well)
- Groundwater Projects
- Lateral Extension (Pitchess Pipeline)
- Eart Schmidt Filtration Plant (“ESFP”)

2015A Project

- ESFP Sludge Collection System
- Rio Vista Water Treatment Plant Maintenance Facility Expansion
- Rio Vista Water Treatment Plant Expansion
- Perchlorate Treatment Project
- Perchlorate Distribution System
- System Appurtenances – Castaic Conduit
- Honby Parallel
- Newhall Parallel

Sand Canyon Pipeline and Reservoir
Water Banking Programs
Sand Canyon Pump Station Standby Generator
Magic Mountain/ESRP/Recycled Water – Phase I
Recycled Water Program Phase II, 2A - Central Park
Recycled Water Program Phase II, 2B - Vista Canyon
Recycled Water Program Phase II, 2C - South End
Recycled Water Program Phase II, 2D - West Ranch
Distribution System - RV-2 Modifications
ESFP Expansion
Rosedale-Rio Bravo Water District Storage
Program Extraction

2016A Project

Castaic Conduit
RVWTP Distribution System-RV 2 Modifications
ESFP Clearwell/CT Improvements
ESFP Sludge Collection System
Foothill Feeder Connections
Honby Parallel
Magic Mountain Pipeline No. 4
Magic Mountain Pipeline No. 5
Magic Mountain Pipeline No. 6
Magic Mountain Reservoir
Recycled Water Program Phase II, 2A - Central Park
Recycled Water Program Phase II, 2B - Vista Canyon
Recycled Water Program Phase II, 2C - South End
Recycled Water Program Phase II, 2D - West Ranch
Saugus Formation Dry Year Reliability Wells
RVWTP Clearwell Cover Improvements
Rosedale Rio Bravo Extraction
Semitropic Stored Water Recovery Unit

2017A Project

Acquisition of capital assets and construction costs of capital improvements for the Santa Clarita Water Division, including reservoir upgrades, water storage tanks, pressure stations, pipelines, administrative office facilities and automated meter reading equipment.

Acquisition of: (1) capital assets and construction costs of capital improvements for the Agency's Wholesale System including pipelines upgrades, expansion and upgrade of wells, recycled water facilities and pump stations and (2) acquisition of the capital assets of Valencia Water Company through the acquisition of 100% of the common stock of the Valencia Water Company.]

EXHIBIT B

CERTIFICATE OF GENERAL MANAGER

I, Matthew Stone, am the duly authorized General Manager of the Santa Clarita Valley Water Agency (the “Agency”) and, pursuant to Sections 4.1(b) and (c) and 4.2 of the Installment Purchase Agreement, dated as of February 1, 2020 (the “Agreement”), by and between the Agency and the Upper Santa Clara Valley Joint Powers Authority, set forth the following:

1. The principal amount of payments to be made by the Agency under the Agreement is \$251,075,000.

2. The installment payments are payable in the amounts and on the 2020 Installment Payment Dates with respect to the 2020A Bonds as follows:

<i>2020 Installment Payment Date (Second Business Day Prior To)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/1/2021	-	\$1,803,860	\$1,803,860
8/1/2021	-	1,727,100	1,727,100
2/1/2022	-	1,727,100	1,727,100
8/1/2022	\$2,400,000	1,727,100	4,127,100
2/1/2023	-	1,667,100	1,667,100
8/1/2023	2,050,000	1,667,100	3,717,100
2/1/2024	-	1,615,850	1,615,850
8/1/2024	2,215,000	1,615,850	3,830,850
2/1/2025	-	1,560,475	1,560,475
8/1/2025	-	1,560,475	1,560,475
2/1/2026	-	1,560,475	1,560,475
8/1/2026	-	1,560,475	1,560,475
2/1/2027	-	1,560,475	1,560,475
8/1/2027	-	1,560,475	1,560,475
2/1/2028	-	1,560,475	1,560,475
8/1/2028	-	1,560,475	1,560,475
2/1/2029	-	1,560,475	1,560,475
8/1/2029	-	1,560,475	1,560,475
2/1/2030	-	1,560,475	1,560,475
8/1/2030	-	1,560,475	1,560,475
2/1/2031	-	1,560,475	1,560,475
8/1/2031	-	1,560,475	1,560,475
2/1/2032	-	1,560,475	1,560,475
8/1/2032	-	1,560,475	1,560,475
2/1/2033	-	1,560,475	1,560,475
8/1/2033	2,210,000	1,560,475	3,770,475
2/1/2034	-	1,505,225	1,505,225
8/1/2034	5,270,000	1,505,225	6,775,225
2/1/2035	-	1,373,475	1,373,475
8/1/2035	5,530,000	1,373,475	6,903,475
2/1/2036	-	1,235,225	1,235,225
8/1/2036	2,155,000	1,235,225	3,390,225
2/1/2037	-	1,181,350	1,181,350
8/1/2037	2,270,000	1,181,350	3,451,350
2/1/2038	-	1,124,600	1,124,600
8/1/2038	2,395,000	1,124,600	3,519,600
2/1/2039	-	1,064,725	1,064,725
8/1/2039	2,515,000	1,064,725	3,579,725
2/1/2040	-	1,001,850	1,001,850
8/1/2040	2,650,000	1,001,850	3,651,850
2/1/2041	-	935,600	935,600

<i>2020 Installment Payment Date (Second Business Day Prior To)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
8/1/2041	3,600,000	935,600	4,535,600
2/1/2042	-	863,600	863,600
8/1/2042	3,750,000	863,600	4,613,600
2/1/2043	-	788,600	788,600
8/1/2043	3,900,000	788,600	4,688,600
2/1/2044	-	710,600	710,600
8/1/2044	4,060,000	710,600	4,770,600
2/1/2045	-	629,400	629,400
8/1/2045	4,230,000	629,400	4,859,400
2/1/2046	-	544,800	544,800
8/1/2046	4,405,000	544,800	4,949,800
2/1/2047	-	456,700	456,700
8/1/2047	4,580,000	456,700	5,036,700
2/1/2048	-	365,100	365,100
8/1/2048	4,765,000	365,100	5,130,100
2/1/2049	-	269,800	269,800
8/1/2049	6,610,000	269,800	6,879,800
2/1/2050	-	137,600	137,600
8/1/2050	6,880,000	137,600	7,017,600

2. The installment payments are payable in the amounts and on the 2020 Installment Payment Dates with respect to the 2020B Bonds as follows:

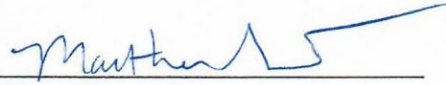
<i>2020 Installment Payment Date (Second Business Day Prior To)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/1/2021	\$ 1,905,000	\$ 1,071,781.11	\$ 2,976,781.11
8/1/2021	16,025,000	1,022,315.78	17,047,315.78
2/1/2022	-	989,063.91	989,063.91
8/1/2022	13,860,000	989,063.91	14,849,063.91
2/1/2023	-	952,681.41	952,681.41
8/1/2023	14,515,000	952,681.41	15,467,681.41
2/1/2024	-	903,330.41	903,330.41
8/1/2024	14,715,000	903,330.41	15,618,330.41
2/1/2025	-	842,483.88	842,483.88
8/1/2025	17,230,000	842,483.88	18,072,483.88
2/1/2026	-	757,453.84	757,453.84
8/1/2026	17,575,000	757,453.84	18,332,453.84
2/1/2027	-	654,200.71	654,200.71
8/1/2027	18,355,000	654,200.71	19,009,200.71
2/1/2028	-	528,010.08	528,010.08
8/1/2028	12,670,000	528,010.08	13,198,010.08
2/1/2029	-	430,894.53	430,894.53
8/1/2029	12,860,000	430,894.53	13,290,894.53
2/1/2030	-	325,892.63	325,892.63
8/1/2030	13,055,000	325,892.63	13,380,892.63
2/1/2031	-	212,771.05	212,771.05
8/1/2031	5,500,000	212,771.05	5,712,771.05
2/1/2032	-	160,988.56	160,988.56
8/1/2032	5,595,000	160,988.56	5,755,988.56
2/1/2033	-	105,514.13	105,514.13
8/1/2033	3,525,000	105,514.13	3,630,514.13
2/1/2034	-	68,801.25	68,801.25
8/1/2034	695,000	68,801.25	763,801.25
2/1/2035	-	59,693.28	59,693.28
8/1/2035	710,000	59,693.28	769,693.28
2/1/2036	-	50,388.73	50,388.73
8/1/2036	735,000	50,388.73	785,388.73
2/1/2037	-	40,756.55	40,756.55
8/1/2037	755,000	40,756.55	795,756.55
2/1/2038	-	30,862.28	30,862.28
8/1/2038	765,000	30,862.28	795,862.28
2/1/2039	-	20,836.95	20,836.95
8/1/2039	785,000	20,836.95	805,836.95
2/1/2040	-	10,549.53	10,549.53
8/1/2040	805,000	10,549.53	815,549.53

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

Dated: July 23, 2020

SANTA CLARITA VALLEY WATER
AGENCY

By:



Matthew Stone
General Manager

EXHIBIT C

FORM OF REQUISITION NO. _____ FOR
DISBURSEMENT FROM ACQUISITION FUND

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
\$ _____
REVENUE BONDS, SERIES 2020A

The undersigned hereby states and certifies:

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

(ii) that, pursuant to Section 3.6 of that certain Installment Purchase Agreement, dated as of February 1, 2020 (the "Installment Purchase Agreement"), by and between the Agency and the Upper Santa Clara Valley Joint Powers Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California, the undersigned hereby requests the Chief Financial and Administrative Officer of the Agency to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit 1;

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

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

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

SANTA CLARITA VALLEY WATER AGENCY

General Manager

EXHIBIT 1
ACQUISITION FUND DISBURSEMENTS

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