



## MEMORANDUM

TO: SLDMWA Finance and Administration Committee/Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: September 14, 2020

RE: Recommendation to the Board of Directors Regarding Jones Pumping Plant Unit Rewind Project Public Financing and Consideration of Relevant Documents

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### BACKGROUND

The JPP Unit Rewind Project consists of six units. Two unit rewinds have been completed and the third is in progress. Funding for the fourth unit is required by November 1, 2020 in order to stay on schedule.

Reclamation funded the first unit. The Water Authority funded the 2<sup>nd</sup> unit. The existing agreement with Reclamation for funding the four remaining units is for Reclamation to fund two and the Water Authority to fund two. The Water Authority recently entered into the second Repayment Contract with Reclamation to fund the two (2) units. The Water Authority needs to secure additional funding for the remaining two (2) units.

### ISSUES FOR DECISION

Whether the Finance and Administration Committee should recommend to the Board and the Board adopt the Resolution Providing for the Issuance of Revenue Bonds to Finance a Portion of the Cost of Extraordinary Maintenance to the Jones Pumping Plant, Authorizing Execution of Certain Documents and Authorizing Certain Other Actions in Connection Therewith for the two (2) units the Water Authority is responsible for funding.

### RECOMMENDATION

Staff recommends issuing bonds with a a 25-year term in the public credit markets through the adoption of the proposed Resolution, which approves the following documents in substantial form:

- Indenture
- Continuing Disclosure Certificate
- Bond Purchase Contract

- Good Faith Estimate of Costs
- Bond Counsel engagement letter
- Updated Disclosure Policy

## **ANALYSIS**

The WIFIA application process is currently in the due diligence phase of the loan review. Water Authority staff has been working on the application process with EPA. It is currently anticipated that by the end of September, there will be a better determination on the Water Authority's eligibility for WIFIA financing. Given there has not yet been a final determination as to whether the Water Authority will ultimately qualify for the WIFIA loan due to the Jones Pumping Plant being a Federal asset, the Water Authority needs to consider alternative funding sources, which process includes approving various financing documents, consistent with prior Board direction. Adoption of the resolution at this time is necessary to maintain the schedule for the Project, which requires having sufficient funds available for the fourth unit in early November, 2020.

As the attached schedule indicates, public financing is achievable by November 2020 and a final decision will be required in October by the FAC and BOD when a substantially final offering document will be presented to the FAC and the BOD for consideration. The Water Authority has retained both bond counsel and financial advisors specifically to complete this process.

### O&M Rate Impact

As an illustration, using annual debt service amounts at a 40% Ag Service allocation and based on WY20 Contractor Projected Estimates, the impact to O&M Rates per scenario is the following:

- WIFIA Loan at \$1,045,358 – \$0.50/AF

The rate calculations for the JPP Unit Rewind Financing using Fiscal Year 2026 from the Public Bond Issuance Comparison, with \$1,305,426 Annual Debt Service for 30Yr Bond Issuance and \$1,374,275 for 25Yr Bond Issuance are as follows:

### 40% Ag Allocation and based on WY20 Contractor Projected Delivery Estimates:

30 YR Public Bond Issuance - \$0.63/AF

25 YR Public Bond Issuance - \$0.66/AF

### 25% Ag Allocation and based on WY20 Contractor Projected Delivery Estimates

30 YR Public Bond Issuance - \$0.71/AF

25 YR Public Bond Issuance - \$0.75/AF

Memo to SLDMWA Finance & Administration Committee, Board of Directors

September 14, 2020

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Given the minimal difference in O&M rate impact between a 25 and 30 year term, and comments in the August workshop regarding the preference for a 25-year term, staff recommends pursuing public financing with a 25-year term.

## San Luis & Delta-Mendota Water Authority

### 2020 Revenue Bonds

## TIME AND RESPONSIBILITY SCHEDULE

Revised on: **September 1, 2020**

**I = Issuer** - San Luis & Delta-Mendota Water Authority  
**BC = Bond Counsel** - Stradling Yocca Carlson & Rauth LLP  
**FA = Financial Advisor** - Fieldman, Rolapp & Associates, Inc.  
**T = Trustee** - MUFG Union Bank  
**UW = Underwriter** - Citigroup  
**UC = Underwriter's Counsel** - Gilmore Bell

Date	Description	Responsible Parties	Status
Wednesday, August 12, 2020	Distribution of 1st draft of Bond Indenture, Bond Resolution and Continuing Disclosure Certificate	BC	Complete
Wednesday, August 19, 2020	Conference call @ 9am to review 1st draft of Bond Indenture	I, BC, FA	Complete
Wednesday, August 19, 2020	Federal Securities Law Training	I, BC	Complete
<b>Wednesday, August 26, 2020</b>	<b>Finance &amp; Admin., Committee meeting to review: a) Bond Resolution</b>	<b>All</b>	Complete
Monday, August 31, 2020	Distribution of 1st draft of Preliminary Official Statement ("POS") and 2nd draft of Bond Indenture	BC	Complete
Wednesday, September 2, 2020	Conference call @ 3PM to review 1st draft of POS and legal documents	I, MA, BC	
Wednesday, September 2, 2020	Distribution of 1st draft of Bond Purchase Agreement ("BPA")	UC	
Friday, September 4, 2020	Distribute substantially final legal documents	BC	
Monday, September 7, 2020	HOLIDAY - LABOR DAY		
<b>Monday, September 7, 2020</b>	<b>Agenda deadline for FAC and Board meetings</b>	<b>All</b>	
Wednesday, September 9, 2020	Distribution of 2nd draft of POS	BC	
<b>Monday, September 14, 2020</b>	<b>Finance &amp; Admin., Committee meeting to consider the approval of: a) Bond Indenture b) Continuing Disclosure Certificate c) Purchase Contract</b>	<b>All</b>	
Monday, September 14, 2020	Conference call @ TBD to review POS	All	
<b>Thursday, September 17, 2020</b>	<b>Board meeting to consider the approval of: a) Bond Indenture b) Continuing Disclosure Certificate c) Purchase Contract</b>	<b>All</b>	
Friday, September 18, 2020	Distribution of final drafts of POS	BC	

## San Luis & Delta-Mendota Water Authority

### 2020 Revenue Bonds

### TIME AND RESPONSIBILITY SCHEDULE

	Date	Description	Responsible Parties	Status
	Monday, September 21, 2020	Distribution of legal documents and POS to bond insurers and Moody's	MA	
<b>Week of</b>	<b>Monday, September 28, 2020</b>	<b>Agenda deadline for October 8, 2020 Board meeting</b>	<b>All</b>	
+/-	Monday, September 28, 2020	Rating Presentation call @ TBD	I, MA, UW	
	<b>Monday, October 5, 2020</b>	<b>Finance &amp; Admin., Committee meeting to consider the approval of POS</b>	<b>All</b>	
	Wednesday, October 7, 2020	Receive rating from Moody's	All	
	<b>Thursday, October 8, 2020</b>	<b>Board meeting to consider the approval of POS</b>	<b>All</b>	
	Friday, October 9, 2020	Receive bids from bond insurers	All	
+/-	Monday, November 9, 2020	Due-diligence call	All	
	Monday, November 16, 2020	Post POS electronically	BC	
+/-	Wednesday, November 18, 2020	Pre-Pricing call @ TBD	I, MA, UW	
+/-	Thursday, November 19, 2020	Pricing call @ TBD / Execute BPA	I, MA, UW	
	Thursday, November 19, 2020	Distribution of draft final Official Statement ("OS") and Closing Documents	BC	
	Friday, November 20, 2020	Comments due on draft final OS and closing documents	All	
	Monday, November 23, 2020	Post final OS electronically	BC	
	Monday, November 23, 2020	Authority President and Executive Director execute Bond Indenture and closing documents	I	
+/-	<b>Tuesday, November 24, 2020</b>	<b>Pre-closing</b>	<b>All</b>	
+/-	<b>Wednesday, November 25, 2020</b>	<b>Closing</b>	<b>All</b>	

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

**RESOLUTION NO. 2020-\_\_**

**RESOLUTION PROVIDING FOR THE ISSUANCE OF REVENUE BONDS TO FINANCE A PORTION OF THE COST OF EXTRAORDINARY MAINTENANCE TO THE JONES PUMPING PLANT, AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the San Luis & Delta-Mendota Water Authority (the “Authority”) operates and maintains certain Delta Division and San Luis Unit facilities of the Central Valley Project pursuant to a Transfer Agreement with the United States acting through the Department of Interior Bureau of Reclamation (“Reclamation”); and

**WHEREAS**, the Board of Directors of the Authority (the “Board”) previously adopted Resolution No. 2020-454, a Resolution Providing for the Prioritization of Use for OM&R Revenues (the “Master OM&R Resolution”); and

**WHEREAS**, the Authority receives certain “OM&R Revenues” as defined in the Master OM&R Resolution from Water Delivery Contractors, Parties Entitled to Utilize or Receive Other Water, and Reclamation pursuant to the terms of the Transfer Agreement and from the Friant Water Authority pursuant to the Friant MOU (as all such terms are defined in the Master OM&R Resolution); and

**WHEREAS**, the Master OM&R Resolution provides for the issuance by the Authority from time to time of Operating and Maintenance Obligations, as defined in and in accordance with the Master OM&R Resolution; and

**WHEREAS**, the Board now desires to issue revenue bonds (the “Bonds”) to fund a portion of the cost of certain extraordinary maintenance at the Jones Pumping Plant which Bonds will constitute Operation and Maintenance Obligations in accordance with the Master OM&R Resolution; and

**WHEREAS**, the Board does hereby determine that authorizing (1) the issuance of revenue bonds to finance a portion of the cost of maintenance at the Jones Pumping Plant, (2) the execution of certain documents, and (3) all steps that are reasonably convenient or necessary to issue revenue bonds, does not constitute a project or projects under CEQA because the proposed actions fund continued operation and maintenance of existing facilities within established parameters and represent administrative activities of the Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA Guidelines).

**NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:**

**SECTION 1. Findings.** The Board hereby specifically finds and declares that the actions authorized hereby constitute and relate to public affairs of the Authority and that the statements,

findings and determinations set forth above and in the preambles of the documents approved herein are true and correct.

SECTION 2. Indenture of Trust. The proposed form of Indenture of Trust in substantially the form attached hereto as Exhibit A, is hereby approved. The Chair and the Vice Chair of the Board and the Executive Director of the Authority or the written designee thereof (each an "Authorized Officer") are each hereby individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by the Authority General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel ("Bond Counsel"), and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 3. Continuing Disclosure Certificate. The proposed form of Continuing Disclosure Certificate in substantially the form attached hereto as Exhibit B, is hereby approved. Any Authorized Officer is individually authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by Authority General Counsel or Bond Counsel, and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 4. Purchase Contract. The proposed form of Purchase Contract with Citigroup Global Markets Inc., as underwriter in substantially the form attached hereto as Exhibit C, is hereby approved. Any Authorized Officer is individually authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by Authority General Counsel or Bond Counsel, and approved by any Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$15,000,000, nor shall the underwriting discount for the Bonds exceed 0.8%, nor shall the true interest cost of the Bonds exceed 4.5% per annum.

SECTION 5. Bonds. The Board hereby authorizes the sale and issuance of one or more series of Bonds in an aggregate principal amount not to exceed \$15,000,000. The Bonds are being issued to finance public capital improvements and utility projects within the meaning of Government Code Section 6584, et seq., including without limitation Section 6599.3. The Board hereby finds and determines that issuance of the Bonds to finance such public capital improvements will result in significant public benefits within the meaning of Government Code Section 6586.

SECTION 6. Trustee. MUFJ Union Bank, N.A., is hereby appointed to act as trustee under the Indenture of Trust.

SECTION 7. Good Faith Estimate of Costs. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit D, attached hereto, and have been made available to the public at the meeting at which this Resolution is approved.

SECTION 8. Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby reaffirmed as Bond Counsel to the Authority in accordance with the terms of the engagement letter on file with the Secretary.

SECTION 9. Bond Insurance and Reserve Surety. If any Authorized Officer determines that it will be advantageous to the Authority to purchase municipal bond insurance or other credit enhancement with respect to some or all of the Bonds or to purchase one or more reserve fund surety policies or other credit instruments for the benefit of any reserve fund established for the Bonds or to obtain a particular rating or ratings on all or a portion of the Bonds or to provide for the establishment and funding of a reserve fund for all or a portion of the Bonds, any Authorized Officer is hereby authorized to purchase such insurance or other credit enhancement and such reserve fund surety policies or other credit instruments at market rates and to take such other actions as may be necessary to obtain such rating or ratings or to provide for the establishment and funding of a reserve fund for all or a portion of the Bonds. Without limiting the generality of the foregoing, any Authorized Officer is hereby authorized to negotiate any and all terms of a commitment for such municipal bond insurance policy or other credit enhancement and such reserve fund surety policies or other credit instruments and to negotiate covenants of the Authority or approve such other changes to the proposed forms of the Indenture of Trust and the Purchase Contract as may be necessary or appropriate to obtain such municipal bond insurance policy or other credit enhancement and such reserve fund surety policies or other credit instruments or to obtain a particular rating or ratings on all or a portion of the Bonds or to provide for the establishment and funding of a reserve fund for all or a portion of the Bonds, in each case after consultation with the Authority's Bond Counsel.

SECTION 10. Updated Disclosure Procedures. Updates to the San Luis & Delta-Mendota Water Authority Disclosure Procedures, adopted by the Board through Resolution No. 2019-443, attached hereto as Exhibit E, are hereby approved.

SECTION 11. Other Actions. Each Authorized Officer and the Treasurer of the Authority or the written designee thereof and any other proper officers of the Authority, acting singly, are each authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the Bonds, the delivery of the Indenture of Trust, the Continuing Disclosure Certificate, the Purchase Contract and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 12. Effect. This Resolution shall take effect immediately.

SECTION 13. Recitals. Each of the foregoing recitals is true and correct.



PASSED, APPROVED AND ADOPTED this 17th day of September, 2020, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

AYES:

NOES:

ABSENT:

APPROVED:

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Cannon Michael, Chairman  
SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY

Attest:

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Federico Barajas, Secretary

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I hereby certify that the foregoing Resolution No. 2020-\_\_ was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 17th day of September, 2020.

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Federico Barajas, Secretary

EXHIBIT A  
FORM OF INDENTURE OF TRUST

**INDENTURE OF TRUST**

**Dated as of November 1, 2020**

**by and between**

**MUFG UNION BANK, N.A., as trustee**

**and the**

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

**Relating to**

**\$\_\_\_\_\_**

**San Luis & Delta-Mendota Water Authority  
Revenue Bonds (OM&R Project), Series 2020A**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into as of November 1, 2020, by and between the SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, a public entity duly organized and existing under the Joint Exercise of Powers Agreement and under the Constitution and laws of the State of California (the “Authority”) and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee hereunder (the “Trustee”);

### WITNESSETH:

WHEREAS, the Authority has been created pursuant to an Amended and Restated Joint Exercise of Powers Agreement -- SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, dated as of January 1, 1992 (the “Joint Exercise of Powers Agreement”), by certain districts and other public agencies with the power, among others to finance, develop, operate and maintain water supply facilities; and

WHEREAS, the public agencies which are members of the Authority and certain other entities have previously determined that it is in the best interest of the public in such agencies and customers served by such other entities to undertake extraordinary maintenance work with respect to the Jones Pumping Plant (as more particularly described herein, the “Project”); and

WHEREAS, the Authority is authorized pursuant to State law, including but not limited to the Marks-Roos Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Government Code”), including but not limited to Section 6588(m) of the Government Code and pursuant to Sections 6(k) and 24 of the Joint Exercise of Powers Agreement, to issue bonds, notes and other indebtedness to finance the Project; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Authority, and to make this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

### GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture,



according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge the following (the "Trust Estate") to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority to the Bond Owners hereinafter set forth:

#### GRANTING CLAUSE FIRST

All right, title and interest of the Authority in and to the OM&R Revenues (as defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any OM&R Revenues payable to or receivable by the Authority under the Constitution of this State, the Government Code of the State of California, the OM&R Master Resolution and this Indenture and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do thereunder, subject to the terms hereof and of the OM&R Master Resolution.

#### GRANTING CLAUSE SECOND

All moneys and securities held in the OM&R Revenue Fund and any of the funds and accounts maintained under the OM&R Master Resolution, all funds and accounts maintained under this Indenture, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Authority or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof and the OM&R Master Resolution.

#### GRANTING CLAUSE THIRD

All of the rights, title, and interest of the Authority in OM&R Revenues as defined herein, and to the extent provided, in the OM&R Master Resolution, including such rights as are necessary to enforce compliance with the provisions of the OM&R Master Resolution, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto Trustee and its respective successors in trust and assigns forever for the benefit of the Owners and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds issued under and secured by this Indenture and the OM&R Master Resolution without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, this

Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the OM&R Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Authority has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. The terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Any capitalized term used herein and not defined herein shall have the meaning ascribed thereto in the OM&R Master Resolution.

Authorized Representative. The term “Authorized Representative” means with respect to the Authority, its Executive Director, Chief Operating Officer or any other person designated as an Authorized Representative of the Authority by a Certificate of the Authority signed by its Executive Director or Chief Operating Officer and filed with the Trustee.

Authority. The term “Authority” means the San Luis & Delta-Mendota Water Authority, a public body corporate and politic duly organized and existing under the Joint Exercise of Powers Agreement and under the Constitution and laws of the State.

Beneficial Owner. The term “Beneficial Owner” means any person which: (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (ii) is treated as the owner of any Bonds for federal income tax purposes.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth, A Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations by joint exercise of power agencies in the State.

Bonds. The term “Bonds” means any bonds issued by the Authority and at any time Outstanding pursuant to this Indenture.

Bond Insurer. The term “Bond Insurer” means \_\_\_\_\_, or any successor thereto.

Bond Year. The term “Bond Year” means the period beginning on the date of issuance of the Bonds and ending on March 1, 2021, and each successive one year or, during the last period prior to maturity, shorter period thereafter until there are no Outstanding Bonds.

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

Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request” or “Requisition” of the Authority mean a written certificate, direction, request or requisition signed in the name of the Authority by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Closing Date. The term “Closing Date” means the date on which the Bonds are delivered to the original purchaser thereof.

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

Confirming Agreement. The term “Confirming Agreement” means a written agreement executed by Reclamation and the Authority in which Reclamation agrees to continue to collect or cause to be collected the principal of and interest on the Bonds as OM&R and to apply or cause to be applied the moneys so collected to the payment of the scheduled principal and interest on the Bonds [in form and substance reasonably satisfactory to the Bond Insurer].

Construction Fund. The term “Construction Fund” means the fund by that name established pursuant to Section 3.04 hereof.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Closing Date, of the Authority relating to the Bonds, as originally executed as it may from time-to-time be amended or supplemented in accordance therewith.

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, premium with respect to a municipal bond insurance policy, premium with respect to a reserve fund surety, legal fees and charges, fees and charges of any Authority municipal advisor, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

Defeasance Securities. The term “Defeasance Securities” means: (1) non-callable direct obligations of the United States of America; (2) evidences of ownership of proportionate interests in future interest and principal payments on non-callable direct obligations of the United States of America held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and

the underlying non-callable direct obligations of the United States of America are not available to any person claiming through the custodian or to whom the custodian may be obligated; (3) pre-refunded municipal obligations rated “Aa-mf” or higher by Moody’s; or (4) securities eligible for “AAA” defeasance under then-existing criteria of Moody’s or any combination thereof, which shall be used to effect defeasance of the Bonds.

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

Electronic Means. The term “Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Event of Default. The term “Event of Default” means any of the events specified in Section 7.01.

Existing Reclamation Repayment Contracts. The term “Existing Reclamation Repayment Contracts” means (i) Contract No. 17-WC-20-5100, dated February 5, 2018, between the Authority and the United States of America, and (ii) Contract No. 20-WC-20-5647, dated June 29, 2020, between the Authority and the United States, as each such Existing Reclamation Repayment Contract may be amended or supplemented in accordance therewith.

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Final Termination Date. The term “Final Termination Date” means the termination date set forth in the Final Termination Notice, which date may be extended from time to time by Reclamation.

Final Termination Notice. The term “Final Termination Notice” mean a notice delivered to the Authority by Reclamation pursuant to the fifth sentence of Section 2(b) of the Transfer Agreement.

Indenture. The term “Indenture” means this Indenture of Trust, dated as of November 1, 2020, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

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

Initial Termination Date. The term “Initial Termination Date” means the 90th day (or such shorter time period as Reclamation may provide in accordance with the fourth sentence of Section 2(b) of the Transfer Agreement) after the date that the Authority receives an Initial Termination Notice from Reclamation; provided however, the Initial Termination Date shall automatically be extended to the extent that Reclamation has not delivered a Final Termination Notice.

Initial Termination Notice. The term “Initial Termination Notice” means a notice delivered to the Authority by Reclamation pursuant to the third sentence of Section 2(b) of the Transfer Agreement.

Interest Payment Date. The term “Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2021.

Instructions. The term “Instructions” means instructions given pursuant to this Indenture, including funds transfer instructions.

Investment Agreement. The term “Investment Agreement” means an investment agreement supported by appropriate opinions of counsel with notice to Moody’s.

Joint Exercise of Powers Agreement. The term “Joint Exercise of Powers Agreement” means that certain Amended and Restated Joint Exercise of Powers Agreement -- SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, dated as of January 1, 1992 among the parties listed therein, as amended from time to time.

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

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

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

Office. The term “Office” means with respect to the Trustee, the designated corporate trust office of the Trustee at 350 California Street, 17th Floor, San Francisco, California 94104, Facsimile (415) 273-2492; notwithstanding the foregoing, such other office as designated by the Trustee, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, and the location of the Registration Books, such term means the corporate trust office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, of MUFG Union Bank, N.A. in Los Angeles, California, or at such other or additional offices as may be specified in writing by the Trustee to the Authority.

OM&R Master Resolution. The term “OM&R Master Resolution” means Resolution 2020-454, of the Authority adopted on February 6, 2020, as such OM&R Master Resolution may be amended or supplemented in accordance therewith and herewith.

OM&R Revenue Fund. The term “OM&R Revenue Fund” means the fund by that name maintained pursuant to Section 3.1 of the OM&R Master Resolution.

OM&R Revenues. The term “OM&R Revenues” has the meaning set forth in the OM&R Master Resolution.

Operation and Maintenance Obligation. The term “Operation and Maintenance Obligation” has the meaning set forth in the OM&R Master Resolution and includes, without limitation, (a) the Bonds, (b) that certain Contract between the United States of America and San Luis & Delta-Mendota Water Authority for the Repayment of Extraordinary Maintenance Costs for the C.W. “Bill” Jones Pumping Plant constituting Contract No. 17-WC-20-5100, dated February 5, 2018, between the United States of America, Department of the Interior, Bureau of Reclamation, and the Authority, as supplemented or amended from time to time, and (c) that certain Contract between the United States of America and San Luis & Delta-Mendota Water Authority for the Repayment of Extraordinary Maintenance Costs for the C.W. “Bill” Jones Pumping Plant constituting Contract No. 20-WC-20-5647, dated June 29, 2020.

Opinion of Counsel. The term “Opinion of Counsel” means a written opinion of counsel (including but not limited to counsel to the Authority) selected by the Authority. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.10; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture; and (d) Bonds surrendered in accordance with the parenthetical in Section 2.07.

Owner; Bond Owner. The terms “Owner” or “Bond Owner,” whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

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

Payment Date. The term “Payment Date” means the third Business Day prior to the related scheduled Interest Payment Date.

Payment Fund. The term “Payment Fund” means the fund maintained by the Trustee pursuant to Section 5.02 hereof.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(A) for all purposes, including: (i) as defeasance investments in refunding escrow accounts; and (ii) for the purpose of investing (and receiving premium credit for) accrued and capitalized interest: (1) cash; or (2) Defeasance Securities; and

(B) for all purposes other than: (i) defeasance investments in refunding escrow accounts; and (ii) investing (and receiving credit for) accrued and capitalized interest: (1) obligations of any of the following federal agencies, which obligations represent full faith and credit of the United States of America, including the Export Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated “AAA” and “Aaa” by the applicable Rating Agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and bankers’ acceptances with domestic commercial banks (including the Trustee or any of its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s, “A-1” or “A-1+” by S&P and “F-1” by Fitch and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “F-1” by Fitch and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated “Aa-mf” by Moody’s or “AAM” or “AAM-G” or better by S&P, including such funds for which the Trustee or an affiliate provides investment advice or other services; but excluding funds with a floating net asset value; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of Moody’s or any successor thereto; (7) shares of beneficial interests in investments purchased by the Investment Trust of California, doing business as CalTRUST, a joint powers authority created pursuant to Section 6509.7 of the California Government Code; (8) the Local Agency Investment Fund; and (9) any Investment Agreement.

Policy. The term “Policy” means that certain [Municipal Bond Insurance Policy] issued by the Bond Insurer that guarantees the scheduled payment of principal of and interest on the Bonds when due.

Proceeds Fund. The term “Proceeds Fund” means the fund by that name established pursuant to Section 3.02.

Project. The term “Project” means the financing of a portion of the Jones Pumping Plant Unit Motor Rehabilitation Project-Units #5 and #1.

Rating. The term “Rating” means any currently effective rating on the Bonds issued by a Rating Agency.

Rating Agencies. The term “Rating Agencies” means Moody’s, Fitch and S&P.

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

Redemption Date. The term “Redemption Date” means the date fixed for an optional redemption prior to maturity of the Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term “Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount with respect to such Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

Reserve Fund. The term “Reserve Fund” means the fund by that name established pursuant to Section 5.06.

Reserve Policy. The term “Reserve Policy” has the meaning set forth in Section 5.06.

Reserve Requirement. The term “Reserve Requirement” means initially: (a) \$\_\_\_\_\_ ; and thereafter (b) the lesser of the amount set forth in clause (a) or the maximum payments of principal of and interest on the Bonds payable in any fiscal year of the Authority.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Indenture.

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

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

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

Supplemental Indenture. The term “Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Trustee. The term “Trustee” means MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.



2020 Bonds Interest Account. The term “2020 Bonds Interest Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

2020 Bonds Principal Account. The term “2020 Bonds Principal Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

Value. The term “Value,” which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its reasonable judgment) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest;

(d) as to any investment not specified above: the value thereof established by prior agreement between the Authority and the Trustee; and

(e) notwithstanding the foregoing, the value of the above investments shall be determined as of the end of each month by the manner currently employed by the Trustee or any other manner consistent with industry standard.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the

Authority, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers or counsel may certify to different matters, respectively.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### THE BONDS

Section 2.01. Authorization of Bonds. The Authority hereby authorizes the issuance hereunder from time to time of the Bonds, which shall constitute special obligations of the Authority, for the purpose of financing a portion of the costs of the Project. The Bonds are hereby designated the "San Luis & Delta-Mendota Water Authority Revenue Bonds (OM&R Project), Series 2020A." The aggregate principal amount of Bonds initially issued and Outstanding under this Indenture shall equal \$\_\_\_\_\_. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall mature on March 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below.

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2021	\$	%
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2021, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment

thereon. Interest on the Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of authorized denomination or denominations. The Bond Owner requesting such transfer shall pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.04. Exchange of Bonds. Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Trustee shall not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption. The Bond Owner requesting such exchange shall pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall upon reasonable prior written notice and at reasonable times be open to inspection during regular business hours by the Authority and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as shall then be customary and standard, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06. Form and Execution of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A hereto. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Secretary. The Bonds may carry a seal, and such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by the Trustee. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the

Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in exchange and substitution for the Bonds so mutilated, but only upon surrender to the Trustee of the Bond so mutilated and upon receipt of the Trustee of indemnity satisfactory to it. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and upon the written request of the Authority delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Trustee and, if such evidence be satisfactory to each and indemnity satisfactory to each shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Trustee shall, at the written direction of the Authority, pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.08. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the Bonds, the Authority may provide that such Bonds shall be initially issued as book-entry bonds. If the Authority shall elect to deliver any Bonds in book-entry form, then the Authority shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bond in an authorized denomination corresponding to that total principal amount of the Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book-entry Bonds, the Authority and the Trustee shall incur no liability and shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Registration Books, of any notice with respect to book-entry Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be redeemed in the event the Authority redeems the Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book-entry Bonds. The Authority and the Trustee may treat and consider the person in whose name each book-entry Bond is

registered in the Registration Books as the absolute Owner of such book-entry Bond for the purpose of payment of principal of, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the written order of the respective Owner, as shown in the Registration Books, or his or her respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Authority and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Registration Books. In addition to the execution and delivery of a Letter of Representations, the Authority shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book-entry Bonds; or (ii) the Authority determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the Authority, then the Authority will discontinue the book-entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturity dates of such book-entry Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

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

(e) Transfer of Bonds to Substitute Depository.

(i) The Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) (“Substitute Depository”); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(ii) In the case of any transfer pursuant to clauses (A) or (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Authority to the Trustee designating the Substitute Depository, a single new Bond, which the Authority shall prepare or cause to be prepared, shall be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Authority. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Authority to the Trustee, new Bonds, which the Authority shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the Authority, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Authority.

(iii) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository’s failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such Bonds shall be controlling.

The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall not have responsibility and shall incur no liability for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the

Bonds. Neither the Authority nor the Trustee shall incur liability and shall not have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively and without liability on its records as to the identity of the Owners of the Bonds.

Section 2.09. Additional Operation and Maintenance Obligations. Nothing in this Indenture shall prohibit the Authority from issuing or incurring additional Operation and Maintenance Obligations secured by a pledge of, and lien on, OM&R Revenues on a parity with the Bonds and other Operation and Maintenance Obligations in accordance with Section 3.3 of the OM&R Master Resolution.

### ARTICLE III

#### ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon Request of the Authority, deliver Bonds in the aggregate principal amount of \$\_\_\_\_\_.

Section 3.02. Application of Proceeds of the Bonds. The proceeds received from the sale of the Bonds shall be deposited in trust with the Trustee, who shall deposit such proceeds in a temporary account called the "Proceeds Fund" which the Trustee shall establish and maintain, and the Trustee shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows (whereupon said temporary account shall be closed):

(a) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.

(b) The Trustee shall transfer the amount of \$\_\_\_\_\_ in the Construction Fund.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the issuance of the Bonds, or upon the earlier Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be deposited in the 2020 Bonds Interest Account and the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in the Costs of Issuance Fund.

Section 3.04. Construction Fund. The Authority shall establish, maintain and hold in trust a separate fund designated as the "Construction Fund." The moneys in the Construction Fund shall be held by the Authority in trust and applied by the Treasurer of the Authority to the payment of the costs of construction of the Project and of expenses incidental thereto.



Before any payment is made from the Construction Fund by the Treasurer, the Executive Director or the Chief Operating Officer of the Authority, shall cause to be filed with the Treasurer a certificate of the Authority in the form set forth in Exhibit B hereto.

Upon receipt of each such certificate, the Treasurer will pay the amount that is set forth in such certificate as directed by the terms thereof or disburse funds to the Authority for such payment as directed by the Authority in such certificate. The Treasurer need not make any such payment if it has received notice of any lien, right to lien, attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the Project shall have been completed, a statement of the Authority stating the fact and date of such completion and stating that all of such costs of construction 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 Construction Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Treasurer by the Executive Director or the Chief Operating Officer of the Authority. Upon the receipt of such statement, the Treasurer shall transfer any remaining balance in the Construction Fund which is not needed for Construction Fund purposes (but less the amount of any such retention, which amount shall be certified to the Treasurer by the Executive Director or the Chief Operating Officer of the Authority) to the Trustee for deposit in the 2020A Bond Principal Account for payment of the principal of the Bonds in accordance herewith.

Section 3.05. Construction of the Project. The Authority hereby agrees that it will cause the construction of the Project to be diligently performed after the deposit of funds into the Construction Fund pursuant to Section 3.02 hereof, and that it will use its best efforts to cause the construction of the Project to be substantially completed by November 1, 2023, unforeseeable delays beyond the reasonable control of the Authority only excepted.

Section 3.06. Changes to the Project. The Authority may modify the components of the Project, but only if the Authority first files with the Trustee a statement of the Authority in the form attached as Exhibit C: (a) identifying the components to be added; and (b) stating that the estimated costs of construction, acquisition or installation of the added components.

Section 3.07. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with OM&R Master Resolution. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

## ARTICLE IV

### REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) The Bonds maturing on or after March 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as

directed by the Authority in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the reasonable judgment of the Trustee, such notice for the convenience of the Trustee) prior to such date such Written Request to contain the information to be contained in the notice of redemption to be sent to Owners, as set forth below, and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20\_\_, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(b) The Bonds are subject to redemption prior to March 1, 20\_\_ at the option of the Authority, as a whole or in part on any Business Day in the order of maturity as directed by the Authority in a Written Request provided to the Trustee at least thirty-five (35) days (or such lesser number of days acceptable to the Trustee in the reasonable judgment of the Trustee, such notice for the convenience of the Trustee) prior to such date, such Written Request to contain the information to be contained in the notice of redemption to be sent to Owners, as set forth below, and by lot within each maturity in integral multiples of \$5,000, at the “Make-Whole Redemption Price.” “Make-Whole Redemption Price” means the greater of (1) 100% of the principal amount of the Bonds being redeemed, and (2) the sum of the present values of the remaining unpaid scheduled payments of principal and interest on any Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid to the date of redemption, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus \_\_ basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

(c) The Bonds with stated maturities on March 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (March 1)</i>	<i>Principal Amount</i>
	\$

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\* Final Maturity.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Bonds will be selected for redemption in accordance with DTC procedures by lot within a maturity and in integral multiples of \$5,000.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than twenty (20) nor more than sixty (60) days before any Redemption Date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and to the Information Services. Each notice of redemption shall state the redemption date, the place or places of redemption, whether less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and

payable on each of said Bonds or parts thereof designated for redemption the Redemption Price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be surrendered. Neither the failure to receive any notice nor any defect therein shall affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, upon receipt of the Written Request delivered pursuant to Section 4.01, at the expense of the Authority, for and on behalf of the Authority.

Any notice of redemption of Bonds may further state that such redemption shall be conditional upon the irrevocable deposit with the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so deposited, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so deposited, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received, and that the notice of redemption originally sent is of no further force and effect.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being irrevocably deposited with the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become irrevocably due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee shall, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof, and destroyed by the Trustee whereupon the Trustee shall send to the Authority a certificate of such destruction.

## ARTICLE V

### OM&R REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

#### Section 5.01. Pledge and Assignment; OM&R Revenue Fund.

(a) The Trust Estate described above in Granting Clause First, Granting Clause Second, and Granting Clause Third, including without limitation all of the OM&R Revenues, all amounts held in the OM&R Revenue Fund, all funds and accounts maintained under the OM&R Master Resolution, all amounts (including proceeds of the sale of the 2020 Bonds) held in any fund

or account established pursuant to the Indenture (except the Rebate Fund), is hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture, subject however to the pledge thereon securing any other Operation and Maintenance Obligations, which pledge on OM&R Revenues is on a parity with the Bonds, and the OM&R Revenues shall not be used for any other purpose while the Bonds remain Outstanding; provided that out of the OM&R Revenues there may be apportioned such sums for such purposes as are expressly permitted in the OM&R Master Resolution. Said pledge, together with the pledge created for the benefit of other Operation and Maintenance Obligations, shall constitute a first lien on OM&R Revenues and, subject to application of OM&R Revenues and all amounts on deposit in the funds and accounts maintained under the OM&R Master Resolution as permitted therein and the funds and accounts maintained under this Indenture as permitted herein, the OM&R Revenue Fund and other funds and accounts created under the OM&R Master Resolution and hereunder for the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with the terms thereof and hereof, and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

(b) The Bonds are intended to be an “Operation and Maintenance Obligation” under the OM&R Master Resolution and shall be secured by the pledge and liens created in the OM&R Master Resolution on a parity with any other Operation and Maintenance Obligation thereunder and shall be paid prior to other Operation and Maintenance Costs as set forth in Section 3.02 of the OM&R Master Resolution.

(c) In order to carry out and effectuate the pledge and lien contained in the OM&R Master Resolution for the Bonds, and pursuant to Section 3.2(a) of the OM&R Master Resolution, not later than each Payment Date, the Authority shall transfer OM&R Revenues from the OM&R Revenue Fund to the Trustee in the amount, if any, necessary for the payments of interest and principal on the Bonds due and payable on the next succeeding Interest Payment Date.

Section 5.02. Payment Fund; Allocation of OM&R Revenues. There is hereby established with the Trustee the Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any principal of and interest on the Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the Bonds transferred by the Authority from the OM&R Revenue Fund to the Trustee pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All payments of interest and principal on the Bonds deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. The Trustee shall also establish and hold a 2020 Bonds Interest Account and a 2020 Bonds Principal Account within the Payment Fund.

The Trustee shall transfer from the Payment Fund and deposit into the following respective accounts and funds the following amounts in the following order of priority and at the following times, the requirements of each such account and fund (including the making up of any deficiencies in any such account or fund resulting from lack of OM&R Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority:

(a) Not later than each Payment Date, the Trustee shall deposit in the 2020 Bonds Interest Account that sum, if any, required to cause the aggregate amount on deposit in the 2020 Bonds Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all Bonds then Outstanding. The Trustee shall also transfer to the applicable trustee for deposit in any applicable interest account, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, interest on any other Operation and Maintenance Obligation payable from OM&R Revenues on a parity with the Bonds, including but not limited to the Existing Reclamation Repayment Contracts, in accordance with the provisions of the indenture, resolution or contract relating thereto.

(b) Not later than each Payment Date, the Trustee shall deposit in the 2020 Bonds Principal Account that sum, if any, required to cause the aggregate amount on deposit in the 2020 Bonds Principal Account to equal the principal amount of the Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date. The Trustee shall also transfer to the applicable trustee for deposit in any applicable principal account, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, principal on any other Operation and Maintenance Obligation payable from OM&R Revenues on a parity with the Bonds, including but not limited to the Existing Reclamation Repayment Contracts, in accordance with the provisions of the indenture, resolution or contract relating thereto.

(c) On each Interest Payment Date, the Trustee shall, from the remaining moneys in the Payment Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Reserve Fund and to the applicable trustee for such other reserve funds and/or accounts, if any, as may have been established in connection with on any other Operation and Maintenance Obligation payable from OM&R Revenues on a parity with the Bonds, that sum, if any, necessary to restore the Reserve Fund and such other funds or accounts to an amount equal to the reserve requirement with respect thereto; provided, however, that the Authority may provide for the Reserve Requirement with respect to the Reserve Fund by means other than cash and Permitted Investments pursuant to Section 5.06.

(d) On the Business Day immediately succeeding each Interest Payment Date, the Trustee shall transfer all amounts remaining on deposit in the Payment Fund to the Authority for deposit in the OM&R Revenue Fund.

Section 5.03. Application of 2020 Bonds Interest Account. All amounts in the 2020 Bonds Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or accelerated prior to maturity pursuant to this Indenture).

Section 5.04. Application of 2020 Bonds Principal Account. All amounts in the 2020 Bonds Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the 2020 Bonds Interest Account) as shall be directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the Bonds.

Section 5.05. Application of Redemption Fund. The Trustee is hereby directed to establish, maintain, and hold a special fund designated as the “Redemption Fund” and to hold in trust all amounts therein. All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the Bonds to be redeemed on such Redemption Date pursuant to Section 4.01; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the 2020 Bonds Interest Account) as shall be directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the Bonds.

Section 5.06. Reserve Fund. The Trustee shall establish and hold in trust the Reserve Fund and shall deposit therein the amounts and instruments required to be deposited therein pursuant hereto and apply moneys and instruments in the Reserve Fund in accordance with this Section. The Trustee is hereby instructed to accept the Reserve Policy in an amount equal to the Reserve Requirement and hold such Reserve Policy for the benefit of the Reserve Fund.

If on any Payment Date the money in the OM&R Revenue Fund is insufficient to make the payments required by this Indenture with respect to the Bonds on the succeeding Interest Payment Date, the Trustee shall draw upon the Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) issued by the Bond Insurer in accordance with the provisions thereof and this Section. The Bond Insurer will pay each portion of the payments required by this Indenture that is due for payment and unpaid by reason of nonpayment by the Authority to the Trustee on the later to occur of: (i) the date that such scheduled principal or interest becomes due for payment; or (ii) the Business Day next following the day on which the Bond Insurer receives a demand for payment therefor in accordance with the terms of the Reserve Policy.

For the purpose of determining the amount of cash, if any, in the Reserve Fund, all Permitted Investments credited to the Reserve Fund shall be valued at the Value.

As long as the Reserve Policy is in full force and effect, and the Bond Insurer has not defaulted on its obligations thereunder, the Authority and the Trustee agree to comply with the following provisions:

[RESERVE SURETY PROVISIONS TO BE INSERTED AFTER BOND INSURER SELECTED]

Section 5.07. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Authority pursuant to a Request of the Authority filed with the Trustee at least three (3) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing), such Request to specify which Permitted Investments are to be invested in. In the absence of any such directions from the Authority, the Trustee shall hold all such funds uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the 2020 Bonds Interest Account unless otherwise

provided in this Indenture. For purposes of acquiring any investments hereunder, the Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and the Trustee may commingle funds held by it hereunder upon the Request of the Authority. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability and shall not be responsible for any losses, fees, taxes or other charges arising from any investments, reinvestments or liquidation of investments made hereunder.

The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

Section 5.08. Application of Funds and Accounts When No Bonds are Outstanding. On the date on which all Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be withdrawn by the Trustee and paid to the Authority for distribution in accordance with the OM&R Master Resolution.

Section 5.09. Payments Under the Bond Insurance Policy. [TO BE INSERTED AFTER BOND INSURER SELECTED]

## ARTICLE VI

### PARTICULAR COVENANTS

Section 6.01. Compliance with Indenture and OM&R Master Resolution. The Trustee will not authenticate or deliver any Bond in any manner other than in accordance with the provisions of this Indenture and upon written certification of the Authority of compliance with the OM&R Master Resolution, and the Authority will not suffer or permit any default by it to occur under this Indenture or the OM&R Master Resolution, but will faithfully observe and perform all the covenants, conditions and requirements hereof and thereof.

Section 6.02. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of OM&R Revenues and other moneys pledged for such payment as provided in this Indenture and the OM&R Master Resolution.

Section 6.03. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the

maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full for the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.04. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the OM&R Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture and as permitted in Section 3.3 of the OM&R Master Resolution. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Joint Exercise of Powers Agreement, and reserves the right to issue other obligations for such purposes.

Section 6.05. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the OM&R Revenues and other assets purported to be pledged and assigned under this Indenture in the manner and to the extent provided in this Indenture and the OM&R Master Resolution. The Bonds and the provisions of this Indenture and the OM&R Master Resolution are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms.

Section 6.06. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the OM&R Revenues and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority upon reasonable prior written notice during business hours and under reasonable circumstances.

Section 6.07. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.08. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture or the OM&R Master Resolution, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered a default or an Event of Default hereunder or under the OM&R Master Resolution; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section, all in accordance with the terms and limitations set forth in the Continuing Disclosure Certificate. 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 Bond (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

Section 6.09. Prosecution and Defense of Suits. The Authority shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or any Bond Owner upon any claim by a Bond Owner or a third party arising out of the receipt, application or disbursement of any of the payments of principal of or interest on the Bonds or involving the rights of the Trustee or any Bond Owner under this Indenture; provided that the Trustee or any Bond Owner at such party's election may appear in and defend any such suit, action or proceeding. The Authority shall indemnify and hold harmless the Trustee and the Bond Owners against any and all liability claimed or asserted by any such person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Bond Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership of Bonds. The Authority shall promptly reimburse any Bond Owner in the full amount of any attorneys' fees or other expenses which such Owner may incur in litigation or otherwise in order to enforce such party's rights under this Indenture or the Bonds, provided that such litigation shall be concluded favorably to such party's contentions therein.

Section 6.10. Termination of the Transfer Agreement by the Authority. The Authority shall not terminate the Transfer Agreement unless (i) all Bonds are paid or deemed paid pursuant to Section 10.01 hereof on or prior to the date the Transfer Agreement terminates, or (ii) (a) Reclamation and the Authority have entered into a Confirming Agreement, and (b) each Rating Agency then maintaining a Rating on the Bonds has provided to the Authority and the Trustee written evidence that the termination of the Transfer Agreement will not result in a downgrade, suspension or withdrawal in the Rating on the Bonds.

Section 6.11. Termination of the Transfer Agreement by Reclamation. The Authority shall comply with the terms and conditions of the Transfer Agreement and shall not violate the terms and conditions of the Transfer Agreement in a substantial way which would give Reclamation the right to terminate the Transfer Agreement. Notwithstanding the foregoing, in the event that the Authority receives an Initial Termination Notice from Reclamation, (i) the Authority shall use commercially reasonable efforts to correct all deficiencies referred to in such Initial Termination Notice on or prior to the Initial Termination Date, and (ii) the Authority will immediately amend the Authority's current and future years' budgets and OM&R rates to recover on or prior to the Final Termination Date the full principal amount of the Bonds and all interest accruing through the Final Termination Date less any OM&R reserves or other OM&R moneys otherwise available for such purpose. In the event that the Authority receives a Final Termination Notice from Reclamation, Reclamation has not executed a Confirming Agreement and the principal and interest of the Bonds has been accelerated in accordance with Section 7.02 hereof, the Authority and Trustee shall cause all OM&R Revenues and OM&R reserves to be applied to the payment of the principal of and interest due on the Bonds so accelerated.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the Authority in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part contained in this Indenture, in the Bonds, or in the OM&R Master Resolution, if such default shall have continued for a period of thirty (30) days after written notice thereof specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee or by the Owners of not less than fifty percent (50%) in aggregate principal amount of Bonds Outstanding; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period and corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder.

(d) The Authority 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 Authority 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 Authority or of the whole or any substantial part of its property.

(e) Payment of the principal of any Operation and Maintenance Obligation is accelerated in accordance with its terms.

(f) Reclamation terminates the Transfer Agreement without the Authority providing the Trustee with a Confirming Agreement.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of not less than fifty percent (50%) in aggregate principal amount of the Bonds at the time Outstanding shall, in each case subject to Section 7.10, upon notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured or provision adequate shall have been made therefor, then, and in every such case the Trustee shall, subject to Section 7.10, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03. Application of OM&R Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all OM&R Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(i) To the payment of any expenses necessary to protect the interests of the Owners of the Bonds and other Operations and Maintenance Obligations payable from OM&R Revenues on a parity with the Bonds and payment of reasonable charges and expenses of the Trustee (including reasonable fees, expenses and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(ii) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, and to the payment of the principal of and interest then due on obligations payable from OM&R Revenues on a parity with the Bonds and other Operation and Maintenance Obligations in accordance with the provisions of the indenture or contract relating thereto, in the following order of priority:

First: To the payment to the persons entitled thereto of all installments of interest on the Bonds and obligations payable from OM&R Revenues on a parity with the Bonds and other Operation and Maintenance Obligations then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds and obligations payable from OM&R Revenues on a parity with the Bonds and other Operation and Maintenance Obligations which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available shall not be sufficient to pay in full all the Bonds and all amounts due on such obligations payable from OM&R Revenues on a parity with the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

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

Section 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds or this Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right of the Trustee to represent the Bond Owners, the Trustee in its reasonable judgment may, and upon the written request of the Owners of not less than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as shall be most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds or this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the OM&R Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Bond Owners' Direction of Proceedings. Subject to Sections 7.10 and 11.04, the Owners of not less than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing issued to the Trustee, and upon indemnification of the Trustee to its satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which would be unjustly prejudicial to Bond Owners not parties to such direction, it being understood that the Trustee shall not have an affirmative duty to ascertain whether such action is prejudicial.

Section 7.06. Suit by Owners. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the OM&R Master Resolution, the Joint Exercise of Powers Agreement or any other applicable law with respect to such Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee indemnity against the costs, claims, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been

given to the Trustee during such sixty (60) day period by the Owners of at least fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the OM&R Master Resolution, the Joint Exercise of Powers Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Authority. Nothing in this Section or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the OM&R Revenues and other assets herein pledged herein in accordance with the OM&R Master Resolution, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

Section 7.10. Bond Insurer's Rights. Anything in this Indenture to the contrary notwithstanding, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, upon the occurrence and continuance of a default or an Event of Default, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for all purposes of this Indenture, including but not limited to exercising remedies and approving amendments, and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the Owners of the Bonds, and the Trustee may not waive any default or Event of Default or accelerate the Bonds without the Bond Insurer's written consent.

In addition, to the extent permitted by law, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, any reorganization or liquidation plan with respect to the Authority must be acceptable to the Bond Insurer in writing and in the event of any reorganization or liquidation of the Authority, the Bond Insurer shall have the right to vote on behalf of all holders of the Bonds.

## ARTICLE VIII

### THE TRUSTEE

#### Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture, and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Trustee at any time, with the consent of the Bond Insurer so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the Bond Insurer, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided that, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, the successor Trustee shall be approved by the Bond Insurer.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided that, so long as the Policy is in full force and effect and the Bond Insurer is not in default of its obligations thereunder, no removal or resignation of the Trustee shall take effect until a successor Trustee that is approved by the Bond Insurer shall be qualified and appointed. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may, at the sole cost and expenses of the Authority, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee

herein; but, nevertheless at the Request of the Authority or the written request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail or cause the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency which is then maintaining a Rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be: (i) a trust company, banking association or bank having the powers of a trust company, which is supervised by the Office of the Comptroller of the Currency and having a designated corporate trust office in California, having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination for federal or state authority. If such bank, banking association, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, banking association, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign promptly in the manner and with the effect specified in this Section.

(f) The Bond Insurer shall receive prior written notice from the Trustee of any name change of the Trustee.

Section 8.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such bank or trust company shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts contained herein and in the Bonds shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the OM&R Master Resolution, nor shall the Trustee incur liability or have any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for

its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of not less than fifty percent (50%) in principal amount of the Bonds then Outstanding.

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than fifty percent (50%) (or such other percentage provided for herein) in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Default or Event of Default hereunder or under the OM&R Master Resolution or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder, or under the OM&R Master Resolution, unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the Authority or the Owners of not less than fifty percent (50%) of the Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority of any of the terms, conditions, covenants or agreements herein, under the OM&R Master Resolution, of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee indemnity against the costs, expenses, claims and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.



(h) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

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

(j) The rights, indemnities, protections, privileges and immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall have the right to accept and act upon Instructions given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the Authority to provide such Instructions and containing specimen signatures of such officers, which incumbency certificate shall be amended by the Improvement Area whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its reasonable judgment elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall be entitled to conclusively presume without liability that directions that purport to have been sent by an officer listed on the incumbency certificate provided to the Trustee have been sent by such officer. The Authority shall be responsible for ensuring that only officers transmit such Instructions to the Trustee and that the Authority and all officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs claims, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee in writing immediately upon learning of any compromise or unauthorized use of the security procedures.

(m) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, pandemics, recognized public emergencies, quarantine restrictions, strikes, freight embargoes, earthquakes,

explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, source of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel of its selection, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture it shall be necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the Authority, and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, Request or Requisition, but in its reasonable judgment the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as shall be reasonable.

In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours, under reasonable conditions and upon reasonable prior written notice.

Section 8.06. Compensation and Indemnification. To the extent permitted by law, the Authority shall pay to the Trustee from time to time compensation, as previously agreed upon in writing, for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture.

The Authority shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the execution of this Indenture, acceptance or administration

of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive removal or resignation of the Trustee hereunder or the discharge of the Bonds and this Indenture.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE OR THE OM&R MASTER RESOLUTION

#### Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the Trustee may enter into when written consent of the Owners of not less than fifty percent (50%) in aggregate principal amount of all Bonds then Outstanding shall have been filed with the Trustee, together with the written consent of the Bond Insurer, so long as the Policy is in full force and effect and the Bond Insurer has not defaulted on its obligations thereunder. No such modification or amendment shall: (1) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected; (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the OM&R Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such OM&R Revenues and other assets except as permitted herein, without the consent of the Owners of all of the Bonds then Outstanding; or (3) reduce the percentage of Owners of any Operation and Maintenance Obligation required to provide consent to amendments or modifications of the OM&R Master Resolution as set forth in Section 9.05 below. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, prepared by the Authority, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency which is then maintaining a Rating on the Bonds and to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners or the Bond Insurer, only if the Trustee receives an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign

additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable; or

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

(c) The Trustee and the Bond Insurer may, but shall not be obligated to, enter into any such Supplemental Indenture which materially adversely affects the Trustee's or the Bond Insurer's own rights, duties or immunities under this Indenture or otherwise, as applicable.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from federal income taxation and from state income taxation.

(e) The Authority shall send copies of any amendments to this Indenture to the Bond Insurer and each Rating Agency which is then maintaining a Rating on the Bonds.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his or her Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by him.

Section 9.05. Amendment to OM&R Master Resolution. The OM&R Master Resolution may be amended or modified by the Authority by a supplemental resolution thereto with the consent of the owners of not less than fifty percent (50%) in aggregate principal amount of the outstanding Operation and Maintenance Obligations; provided, however, that the Authority may modify or amend the OM&R Master Resolution at any time without the consent of owners of outstanding Operation and Maintenance Obligation by a supplemental resolution thereto to: (i) add to the agreements and covenants of the Authority other agreements and covenants to be observed, or to surrender any right or power therein reserved to the Authority, or (ii) cure, correct or supplement any ambiguous or defective provision contained therein, or (iii) resolve questions arising thereunder as the Authority may deem necessary or desirable, and which do not materially adversely affect the interests of the owners of outstanding Operation and Maintenance Obligation. Such amendment or modification shall be filed by the Authority with the applicable Trustee for such outstanding Operation and Maintenance Obligation. The Authority shall give notice of any such amendment or supplement to each Rating Agency then maintaining a Rating on the Bonds. Notwithstanding the foregoing, while any Bonds are Outstanding, the Authority shall not amend the provisions of the OM&R Master Resolution which provide for (a) the allocation of OM&R Revenues to payment of Operation and Maintenance Obligations, including the Bonds, pursuant to Section 3.1 of the OM&R Master Resolution, or (b) the prioritization of use of OM&R Revenues as set forth in Section 3.2 of the OM&R Master Resolution, unless the Trustee shall have received from Bond Counsel an opinion to the effect that such amendment would not have a material adverse impact on the Owners of the Outstanding Bonds or the Authority first obtains the written consent of the Owners of not less than fifty percent (50%) in aggregate principal amount of Outstanding Bonds.

## ARTICLE X

### DEFEASANCE

Section 10.01. Discharge of Indenture. The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of OM&R Revenues and other assets made

under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to the Authority.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Outstanding Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest and premium, if any, thereon to the redemption date; or

(b) Defeasance Securities the principal of and interest on which when due will, together with other money on deposit with the Trustee under this Indenture, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory shall have been made for the giving of such notice; provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Authority) to apply such money to the payment of such principal, interest and premium, if any, with respect to such Bonds; and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel addressed to the Authority and Trustee, to the effect that such Bonds have been discharged in accordance with this Indenture.

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the written direction of the Authority (at the cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as shall be appropriate with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Liability of Authority Limited to OM&R Revenues. Notwithstanding anything in this Indenture, the OM&R Master Resolution or the Bonds, the Authority shall not be required to advance any moneys derived from any source other than the OM&R Revenues and other moneys pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

The Bonds are not a debt of the members of the Authority, the State or any of its political subdivisions (other than the Authority), and neither the members of the Authority, said State nor any of its political subdivisions (other than the Authority) is liable hereunder. In no event shall the Bonds be payable out of any funds or properties of the Authority other than the OM&R Revenues and other amounts pledged hereunder. The Bonds shall not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all of the covenants and agreements contained in this Indenture by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Bond Insurer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Bond Insurer and the Owners of the Bonds.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall destroy such Bonds as may be allowed by law, and deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon the Authority or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the Authority, P.O. Box 2157, Los Banos, California 93635, Attention: Executive Director (or such other address as may have been filed in writing by the Authority with the Trustee), Facsimile (209) 826-9698, or to the Trustee at its Office by first class mail.

Any notice to or demand upon the Bond Insurer shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed to the Bond Insurer at \_\_\_\_\_, Telephone: (\_\_\_\_) \_\_\_\_\_, Email: \_\_\_\_\_.

Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.



The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The Ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by a Responsible Officer of the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the Authority shall certify to the Trustee in writing those Bonds that are disqualified pursuant to this Section.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by this Indenture.

Section 11.13. Execution in Several Counterparts and Electronic Execution. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument. The exchange of copies of the Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of the Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Indenture are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

Section 11.14. CUSIP Numbers. The Authority in issuing the Bonds may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Owners; provided that the Trustee shall have no liability for any defect in the “CUSIP” numbers as they appear on any Bond, notice or elsewhere, and, provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Authority shall promptly notify the Trustee in writing of any change in CUSIP numbers.

Section 11.15. Choice of Law. THIS INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.16. Bond Insurer as Third Party Beneficiary; Bond Insurer’s Rights. The Bond Insurer is explicitly recognized as and shall be deemed to be a Bond Owner entitled to all notices provided to Bond Owners and a third party beneficiary of this Indenture and the Bonds, and the Bond Insurer may enforce any right, remedy or claim conferred, given or granted under this Indenture and the Bonds as if it were a party hereto.

Section 11.17. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

IN WITNESS WHEREOF, the San Luis & Delta-Mendota Water Authority has caused this Indenture to be signed in its name by its Chairman and attested by its Secretary, and MUFG Union Bank, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officers thereunto duly authorized, all as of the day and year first above written.

SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY

By: \_\_\_\_\_  
Its: Chairman

Attest:

\_\_\_\_\_  
Its: Secretary

MUFG UNION BANK, N.A., as Trustee

By: \_\_\_\_\_  
Its: Authorized Officer

EXHIBIT A

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
REVENUE BONDS (OM&R PROJECT), SERIES 2020A

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
____%	March 1, 20__	November __, 2020	_____
REGISTERED OWNER	CEDE & CO.		
PRINCIPAL AMOUNT:	_____ DOLLARS		

The SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a Business Day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this Bond is authenticated on or before February 15, 2021, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable on March 1 and September 1 of each year, commencing March 1, 2021, calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the Office (as defined in the hereinafter described Indenture) of MUFG Union Bank, N.A., as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee sent by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the Registration Books as of the close of business on the fifteenth day of the month preceding each interest payment date (except that in the case of a Registered Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Registered Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Registered Owner prior to the fifteenth (15th) day of the month preceding such interest payment date). Capitalized terms used herein shall have the meaning set forth in the Indenture (as defined below).

This Bond is not a debt of the members of the Authority, the State of California, or any of its political subdivisions (other than the Authority), and neither the members of the Authority or said State, nor any of its political subdivisions (other than the Authority), is liable hereon. In no event shall this Bond be payable out of any funds or properties of the Authority other than the OM&R Revenues (as such term is defined in the Indenture of Trust, dated as of November 1, 2020 (the “Indenture”), by and between the Authority and the Trustee) and other amounts pledged therefor under the Indenture and the OM&R Master Resolution. Such pledge, together with the pledge created by all other Operation and Maintenance Obligations (as such terms are defined in the OM&R Master Resolution), constitutes a first lien on OM&R Revenues and all amounts on deposit in the funds and accounts under the OM&R Master Resolution to the extent set forth therein, as permitted by the OM&R Master Resolution, and is subject to the application of OM&R Revenues in accordance with the terms of the OM&R Master Resolution and the Indenture. The obligation of the Authority to make payments in accordance with the OM&R Master Resolution and the Indenture is a limited obligation of the Authority as set forth in the OM&R Master Resolution and the Indenture and the Authority shall have no liability or obligation in connection herewith except with respect to such payments to be made pursuant to the OM&R Master Resolution and the Indenture. The Bonds do not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limitation or restriction.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “San Luis & Delta-Mendota Water Authority Revenue Bonds (OM&R Project), Series 2020A” (the “Bonds”), of an aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of the Amended and Restated Joint Exercise of Powers Agreement -- SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, dated as of January 1, 1992 (the “Joint Exercise of Powers Agreement”), by and among the members of the Authority and the laws of the State of California, including but not limited to the Marks-Roos Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California of the Government Code of the State of California, and pursuant to the Indenture and the resolution authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the OM&R Revenues, and the rights thereunder of the Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds have been issued by the Authority to finance certain costs for capital improvements and related costs, as more fully described in the Indenture. The Indenture permits the issuance of additional Operation and Maintenance Obligations payable from OM&R Revenues on a parity with the Bonds on the terms and conditions set forth in the Indenture.

This Bond and the interest, premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the Authority, and are payable from, and are secured by a pledge and lien on the OM&R Revenues, in accordance with the OM&R Master Resolution, and any other amounts on deposit in certain funds and accounts created under the Indenture and the OM&R Master Resolution. As and to the extent set

forth in the Indenture and the OM&R Master Resolution, all of the OM&R Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the OM&R Master Resolution, to the payment of the principal of and interest and premium (if any) on the Bonds.

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, subject to and as provided in the Indenture. No such modification or amendment shall: (1) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected; (2) reduce the percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the OM&R Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted therein, or deprive the Owners of the Bonds of the lien created by the Indenture on such OM&R Revenues and other assets except as permitted therein, without the consent of the Owners of all of the Bonds then Outstanding or (3) reduce the percentage of Owners of any OM&R Obligations required to provide consent to amendments or modifications to the OM&R Master Resolution as provided in the Indenture.

The OM&R Master Resolution may be amended or modified by the Authority by a supplemental resolution thereto with the consent of the owners of not less than fifty percent (50%) in aggregate principal amount of the outstanding Operation and Maintenance Obligations as set forth in the Indenture; provided, however, that the Authority may modify or amend the OM&R Master Resolution at any time without the consent of Owners of outstanding Operation and Maintenance Obligations by a supplemental resolution thereto to the extent permitted in the Indenture. Notwithstanding the foregoing, while any Bonds are Outstanding, the Authority shall not amend the provisions of the OM&R Master Resolution which provide for (a) the allocation of OM&R Revenues to payment of Operation and Maintenance Obligations, including the Bonds, or (b) the prioritization of use of OM&R Revenues, unless the Trustee shall have received from Bond Counsel an option to the effect that such amendment would not have a material adverse impact on the Owners of the Outstanding Bonds or the Authority first obtains the written consent of the Owners of not less than fifty percent (50%) in aggregate principal amount of Outstanding Bonds.

The Bonds maturing on or after March 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the Authority in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the reasonable judgment of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20\_\_, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are subject to redemption prior to March 1, 20\_\_ at the option of the Authority, as a whole or in part on any Business Day in the order of maturity as directed by the Authority in a Written Request provided to the Trustee at least thirty-five (35) days (or such lesser number of days acceptable to the Trustee in the reasonable judgment of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, at the "Make-Whole Redemption Price." "Make-Whole Redemption Price" means the greater of (1) 100% of the principal amount of the Bonds being redeemed, and (2) the sum of the present values of the remaining unpaid scheduled payments of principal and interest on any Bonds being redeemed,

not including any portion of those payments of interest accrued and unpaid to the date of redemption, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus \_\_ basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

The Bonds with stated maturities on March 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(March 1)</i>	<i>Principal</i> <i>Amount</i>
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\$

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\* Final Maturity.

As provided in the Indenture, notice of redemption shall be mailed by first class mail not less than twenty (20) nor more than sixty (60) days before any Redemption Date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and to the Information Services. Each notice of redemption shall state the redemption date, the place or places of redemption, whether less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof designated for redemption the Redemption Price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be surrendered. Neither the failure to receive any notice nor any defect therein shall affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the written direction and at the expense of the Authority, for and on behalf of the Authority.

Any notice of redemption of Bonds may further state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the

manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at the Office of the Trustee but only in the manner subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

Bonds may be exchanged at said Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Joint Exercise of Powers Agreement and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the SAN LUIS & DELTA-MENDOTA WATER AUTHORITY has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Chairman and attested to by the manual or facsimile signature of its Secretary, all as of this \_\_th day of November, 2020.

SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY

By: \_\_\_\_\_  
Its: Chairman

Attest:

\_\_\_\_\_  
Its: Secretary



STATEMENT OF INSURANCE

[TO BE INSERTED AFTER BOND INSURER SELECTED]

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS)

This is one of the Bonds described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2020

MUFG UNION BANK, N.A., as Trustee

By: \_\_\_\_\_  
Its: Authorized Signatory

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_  
attorney, to transfer the same on the registration books of the Trustee with full power of substitution  
in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
Note: Signature guarantee shall be made by a  
guarantor institution participating in  
the Securities Transfer Agents  
Medallion Program or in such other  
guarantee program acceptable to the  
Trustee.

EXHIBIT B

[FORM OF CONSTRUCTION FUND REQUISITION]

\$ \_\_\_\_\_

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
REVENUE BONDS (OM&R PROJECT), SERIES 2020A

REQUISITION NO. \_ FOR  
DISBURSEMENT FROM CONSTRUCTION FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting [Executive Director] [Chief Operating Officer] of the San Luis & Delta-Mendota Water Authority (the "Authority"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.04 of that certain Indenture of Trust, dated as of November 1, 2020 (the "Indenture"), by and between the Authority and the MUFJ Union Bank, N.A., as trustee, the undersigned hereby requests the Treasurer to disburse on this date the following amounts from the Construction Fund established under the Indenture relating to the above-captioned obligations, to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the Authority and is a proper charge against the Construction 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 A have been completed and are final; and

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

Dated: \_\_\_\_\_, 20\_\_

SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY

By: \_\_\_\_\_  
[Executive Director] [Chief Operating Officer]

EXHIBIT A

CONSTRUCTION FUND DISBURSEMENTS

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

FORM OF SUBSTITUTION STATEMENT

San Luis & Delta-Mendota Water Authority  
P.O. Box 2157  
Los Banos, California 93635  
Attention: Treasurer

MUFG Union Bank, N.A.  
445 South Figueroa Street, Suite 401  
G04-129, Los Angeles, CA 90071  
Attn: Corporate Trust Department  
Reference: SLDMWA, Series 2020A

The undersigned [Executive Director] [Chief Operating Officer] of the San Luis & Delta-Mendota Water Authority (the “Authority”) hereby states pursuant to Section 3.06 of the Indenture of Trust, dated as of November 1, 2020, by and between San Luis & Delta-Mendota Water Authority and the MUFG Union Bank, N.A. (the “Indenture”) that each component of the Project (as such term is defined in the Indenture) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be added to the Project and the costs for which shall be eligible to be paid from the Construction Fund created under the Indenture.

Dated: \_\_\_\_\_, 20\_\_

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[Executive Director] [Chief Operating Officer]

EXHIBIT A

<i>Components of Project to be Added</i>	<i>Cost of Each Project Component to be Added</i>
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**EXHIBIT B**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**



## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the San Luis & Delta-Mendota Water Authority (the “Authority”) in connection with the issuance of the \$\_\_\_\_\_ San Luis & Delta-Mendota Water Authority Revenue Bonds (OM&R Project), Series 2020A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2020 (the “Indenture”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”). The Authority covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“Fiscal Year” shall mean the one year period ending on the last day of February of each year.

“Holder” means a registered owner of the Bonds.

“Listed Events” shall mean any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement dated \_\_\_\_\_, 2020 relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

3. Provision of Annual Reports.

(a) The Authority shall provide not later than 270 days following the end of its Fiscal Year (commencing with the Fiscal Year ending [February 28, 2021]) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Authority is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Authority shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements for the prior Fiscal Year, which may be included in the Comprehensive Annual Financial Report of the Authority, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Bonds outstanding.

(c) Balance in the Reserve Fund and a statement of the reserve requirement with respect thereto.

(d) An update, for the prior Fiscal Year only, of the information in the following tables or paragraphs under the caption entitled "THE AUTHORITY" in the Official Statement:

1. "Historic OM&R Revenues;"
2. "Largest OM&R Rate Payers"; and
3. "Historic OM&R Revenues and Operation and Maintenance Obligations Coverage."

If the information in section 4(d) above can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under section 4(d) above shall not constitute a default hereunder. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the Authority shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bond holders.

(c) If the Authority determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Authority shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection

with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

6. Termination of Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, or another nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The Authority will provide notice of such amendment to the Municipal Securities Rulemaking Board.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the Authority to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Owners or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to make such filing. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

No Owners or Beneficial Owners may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Authority satisfactory written evidence of their status as Owners or Beneficial Owners and a written notice of and request to cure such failure, and the Authority shall have refused to comply therewith within a reasonable time.

10. Dissemination Agent. The Authority may from time to time appoint or engage a dissemination agent to assist the Authority in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2020

SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY

By: \_\_\_\_\_  
Its: Executive Director

EXHIBIT C  
FORM OF PURCHASE CONTRACT

\$ \_\_\_\_\_  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
REVENUE BONDS (OM&R PROJECT)  
SERIES 2020A

PURCHASE CONTRACT

November \_\_\_\_\_, 2020

San Luis & Delta-Mendota Water Authority  
842 Sixth Street  
Los Banos, California

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the “Underwriter “), acting on behalf of itself and not as an agent or representative of you, offers to enter into this Purchase Contract (the “Purchase Contract”) with the San Luis & Delta-Mendota Water Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, which Purchase Contract will be binding upon the Authority and the Underwriter upon the acceptance hereof by the Authority. This offer is made subject to its acceptance by the Authority, by the execution of this Purchase Contract and its delivery to the Underwriter on or before 5:00 p.m., California time, on November \_\_\_\_\_, 2020.

Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the hereinafter defined Indenture or the OM&R Master Resolution (as such term is defined in the Indenture).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase for offering to the public, and the Authority hereby agrees to cause to be delivered to the Underwriter all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the San Luis & Delta-Mendota Water Authority Revenue Bonds (OM&R Project), Series 2020A (the “Bonds”). The Underwriter will purchase the Bonds for the aggregate purchase price of \$\_\_\_\_\_ (representing the aggregate principal amount of the Bonds (of \$\_\_\_\_\_)) less an underwriting discount of \$\_\_\_\_\_).

2. Description and Purpose of the Bonds. The Bonds shall be executed and delivered pursuant to an Indenture of Trust dated as of November 1, 2020 (the “Indenture”) by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee” or “MUFG”). The Bonds shall mature on the date and in the amount and bear interest at the rates set forth in Exhibit A hereto and all as more particularly in the Indenture. The Bonds will be subject to redemption and contain such further terms as set forth in the Indenture. The Bonds are special

obligations of the Authority. The Bonds are payable solely from the OM&R Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. The obligation of the Authority to make payments with respect to the Bonds is on a parity with the existing Reclamation Repayment Contracts and with any other Operation and Maintenance Obligation incurred or issued by the Authority in the future.

The Bonds are being issued to (i) finance a portion of the cost of improvements to the Jones Pumping Plant, [(ii) pay the premium with respect to a municipal bond insurance policy and pay the premium with respect to a surety bond (the “Surety Bond”) for deposit to a debt service reserve fund,] and (iii) pay costs of issuance of the Bonds.

[Payment of the principal and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy (the “Policy”) to be issued simultaneously with the delivery of the Bonds by \_\_\_\_\_ (the “Insurer”).]

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

4. Delivery of Official Statement. Pursuant to the authorization of the Authority, the Underwriter has distributed copies of the Preliminary Official Statement dated November \_\_\_\_\_, 2020 and relating to the Bonds, which, together with the cover page and appendices thereto, is herein called the “Preliminary Official Statement.” By its acceptance of this proposal, the Authority hereby approves and ratifies the distribution and use by the Underwriter of the Preliminary Official Statement. The Authority agrees to execute and deliver a final Official Statement (the “Official Statement”) in substantially the same form as the Preliminary Official Statement with such changes as may be made thereto, with the consent of the Authority and the Underwriter, and to provide copies thereof to the Underwriter as set forth in paragraph 6(n) hereof. The Authority hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds: the Preliminary Official Statement, the Official Statement, the Indenture, and other documents or contracts to which the Authority is a party in connection with the transactions contemplated by this Purchase Contract, including this Purchase Contract and all information contained herein, and all other documents, certificates and statements furnished by the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

5. The Closing. At 8:00 a.m., California time, on November \_\_\_\_\_, 2020, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Authority and the Underwriter, the Authority will deliver or cause to be delivered to the

Underwriter (i) the duly executed Bonds in book-entry form through the facilities of The Depository Trust Company and (ii) the closing documents hereinafter mentioned, at the offices of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, in Newport Beach, California (“Bond Counsel”) or another place to be mutually agreed upon by the Authority and the Underwriter. The Underwriter will accept such delivery of the Bonds and pay the purchase price of such Bonds set forth in Section 1 hereof. This payment for and delivery of the Bonds, together with the execution and delivery of the aforementioned documents is herein called the “Closing.”

6. The Authority’s Representations. The Authority represents to the Underwriter that:

(a) The Authority is a joint powers authority duly organized and existing under the Constitution and the laws of the State of California (the “State”) with full right, power and authority to execute, deliver and perform its obligations under, the Indenture, Resolution 2020-454 of the Authority, adopted on February 6, 2020 (the “OM&R Master Resolution”), Contract 8-07-20-X0354-X dated January 14, 2020, between the Authority and the United States Department of the Interior Bureau of Reclamation (the “Transfer Agreement”), the First Amended and Restated Memorandum of Understanding between Friant Water Users Authority and the Authority, dated September 1, 2002 (the “Friant Water Users MOU”), and this Purchase Contract (collectively, the “Authority Documents”) and to carry out and consummate the transactions on its part contemplated by the Official Statement and the Authority Documents.

(b) By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Official Statement and the Authority Documents, and as of the date hereof such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Authority Documents will constitute legally valid and binding obligations of the Authority, enforceable against the Authority and in accordance with their respective terms, except as enforcement may be limited by bankruptcy, in solvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against entities such as the Authority.

(c) The Preliminary Official Statement was as of its date, and the Official Statement is as of the date hereof, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain no misstatement of any material fact and do not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to [the Insurer, the Policy and the Surety Bond, or] to DTC, or DTC’s book-entry system (collectively, the “Excluded Information”).

(d) The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not



be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) If after the date of this Purchase Contract and until 25 days after the end of the “underwriting period” (as defined in Section 240.15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations (“Rule 15c2-12”)), any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Bonds to reflect such event, the Authority promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the Authority shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. The Underwriter hereby agrees to deposit the Official Statement with a nationally recognized municipal securities information repository. The Underwriter acknowledges that the end of the “underwriting period” will be the date of Closing.

(f) As of the time of acceptance hereof, except as otherwise disclosed in the Official Statement, the Authority is not in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State, the United States, or any applicable judgment or decree or any indenture, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and, as of such time, except as disclosed in the Official Statement, the authorization, execution and delivery by the Authority of the Authority Documents and compliance by the Authority with the provisions of each of Authority Documents does not to any material extent conflict with or constitute a breach of or default by the Authority under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, indenture, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition or any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(g) As of the time of acceptance hereof, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory authority, public board or body, pending threatened (i) in any way questioning the existence of the Authority or the titles of the

officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or the payment, collection, assignment or pledge of the OM&R Revenues or the principal of and interest with respect to the Bonds, or in any way contesting or affecting the validity of the Bonds, the Authority Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from gross income for federal income tax purposes, or contesting the powers of the Authority and its authority to pledge the OM&R Revenues or contesting the powers of the Authority; (iii) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of the Authority or to its ability to pay debt service on the Bonds when due; or (iv) contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto or asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(h) The Authority has not previously entered into any continuing disclosure undertaking pursuant to Rule 15c2-12. The Authority will undertake, pursuant to the Continuing Disclosure Certificate relating to the Bonds (the “Continuing Disclosure Certificate”) to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. The form of the Continuing Disclosure Certificate covering the Bonds is set forth as Appendix I to the Official Statement.

(i) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (1) to qualify the Bonds for offer and sale under the Blue Sky or other securities, laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (2) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that the Authority will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in jurisdiction.

(j) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution, delivery and sale of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement and this Purchase Contract.

(k) Except for the other Reclamation Repayment Contracts described in the Indenture, the Authority does not have outstanding any indebtedness that is secured by a lien on the OM&R Revenues that is superior to or on a parity with the lien of the Bonds.

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

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

(n) The Preliminary Official Statement heretofore delivered to the Underwriter has previously been deemed final by the Authority as of its date and as of the date hereof, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12 and the Excluded Information. The Authority hereby covenants and agrees that, not later than two business days prior to the date of Closing, the Authority shall cause a final form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board with such copies as shall reasonably be requested by the Underwriter.

7. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Authority of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the following additional conditions:

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

(b) At the time of the Closing (i) the Authority Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there shall be in full force and effect such resolutions of the Authority (the "Authority Resolution") as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Authority Documents, (iii) the Authority shall perform or have performed its obligations required or specified in the Authority Documents to be performed at or prior to Closing, and (iv) the Official Statement shall not have been supplemented or amended, except pursuant to paragraphs 6(d) and 6(e) hereof or as otherwise may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no default, or any event that with the passage of time would be reasonably likely to result in default, shall have occurred or be existing under the Authority Resolution, the Authority Documents or any other agreement or document pursuant to which any of the Authority's financial obligations was issued and the Authority shall not be in default in the payment of principal or interest on any of its

financial obligations which default would materially adversely impact the ability of the Authority to pay debt service on the Bonds.

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

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

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

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

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction over the subject matter shall be issued or made to the effect that the execution, delivery,

offering or sale of obligations of the general character of the Bonds, or the execution, delivery, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

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

(vi) a general banking moratorium shall have been established by federal or state authorities or any material disruption in commercial banking or securities settlement or clearance services shall have occurred, which moratorium or disruption materially adversely affects the ability of the Underwriter to market, sell or trade the Bonds; or

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

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

(ix) the commencement of any action, suit or proceeding described in paragraph 6(g) hereof which, in the reasonable judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange, which suspension materially adversely affects the ability of the Underwriter to market, sell or deliver the Bonds.

(e) At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(i) An approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as Appendix G to the Official

Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter to the effect that the foregoing opinion addressed to the Authority may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(ii) A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter and substantially in the form attached hereto as Exhibit B.

(iii) An opinion of Rebecca R. Akroyd, General Counsel to the Authority, addressed to the Underwriter and substantially in the form attached hereto as Exhibit C.

(iv) An opinion of Gilmore & Bell, P.C., Salt Lake City, Utah, counsel to the Underwriter (“Underwriter’s Counsel”), dated the date of Closing and addressed to the Underwriter to the effect that:

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

(B) While such counsel has not verified and is not passing upon and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has participated in conferences with representatives of and counsel for the Authority and Bond Counsel and representatives of the Underwriter at which the contents of the Official Statement were discussed and revised; based on such counsel’s representation of the Underwriter in connection with the issuance of the Bonds, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement contained as of its date or as of the date of Closing contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief is expressed as to (i) the expressions of opinion, the assumptions, the projections, the financial statements, or other financial, numerical, economic, demographic or statistical data contained in the Official Statement, (ii) the information with respect to [the Insurer, the Policy and the Surety Bond, or] DTC and its book-entry system, and (iii) the information contained in [Appendices A, C, E, or G] to the Official Statement); and

(C) The provisions of the Continuing Disclosure Certificate comply with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended;

(v) An opinion of counsel to MUFG, dated the date of the Closing, addressed to the Underwriter and the Authority, and in form and substance acceptable to Bond Counsel, the Underwriter and Underwriter's Counsel to the effect that:

(A) MUFG is a national banking association, duly organized and validly existing under and by virtue of the laws of the United States of America, having full power and authority to authenticate and deliver the Bonds and to enter into, accept and administer the trust and duties created under the Indenture;

(B) the Indenture has been duly authorized, executed and delivered by MUFG and the Indenture constitutes the legal, valid and binding obligation of MUFG enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over MUFG that has not been obtained is or will be required for the authentication and delivery of the Bonds, the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Bonds or the Indenture;

(D) to its best knowledge after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against MUFG or threatened against MUFG which in the reasonable judgment of MUFG would affect the existence of MUFG, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture or contesting the powers of MUFG or its authority to authenticate and deliver the Bonds or enter into and perform its obligations under the Indenture; and

(E) the authentication and delivery of the Bonds and the execution and delivery of the Indenture and compliance with the provisions on MUFG's part contained therein will not conflict with or constitute a breach of or default under the Articles of Association or Bylaws of MUFG or any law, administrative regulation, judgment decree, resolution or other instrument to which MUFG is a party or is otherwise subject;

(vi) a certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by an Authorized Officer or other authorized officer of the Authority to the effect that:

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

(B) no event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading in any material respect, except the certificate need not include representations relating to the Excluded Information; and

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

(vii) A certificate of MUFG dated the date of Closing, in form and substance acceptable to Bond Counsel, the Underwriter and Underwriter's Counsel, to the following effect that: (A) MUFG is duly organized, validly existing as a national banking association and in good standing, having the full duties under the Indenture; (B) MUFG is duly authorized to enter into the Indenture; (C) MUFG has duly executed and delivered the Indenture and authenticated and delivered the Bonds by duly authorized officers; and (D) there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority, public board or body pending against MUFG or threatened against MUFG which in the reasonable judgment of MUFG would affect the existence of MUFG, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture or contesting the powers of MUFG or its authority to authenticate and deliver the Bonds or enter into and perform its obligations under the Indenture as Trustee;

(viii) An original executed copy of each of the Authority Documents;

(ix) Copies of the Authority Resolution and the OM&R Master Resolution;

(x) Evidence from [Moody's Investors Service ("Moody's")] that the Bonds have been assigned [an insured] [a] rating of "\_\_\_," and an underlying (unenanced) rating of "\_\_\_";

(xi) Preliminary and final California Debt and Investment Advisory Commission filings;



(xii) One copy of the executed Letter of Representations to The Depository Trust Company from the Authority;

(xiii) One Specimen Bond;

(xiv) A certificate of the Authority “deeming final” the Preliminary Official Statement for purposes of Rule 15c2-12;

(xv) [The Policy duly executed by the Insurer;]

(xvi) [The Surety Bond duly executed by the Insurer;]

(xvii) [A copy of the Debt Service Reserve Fund Agreement relating to the Surety Bond between the Authority and the Insurer;]

(xviii) [The opinion of counsel to the Insurer, dated the date of Closing and addressed to the Underwriter and the Authority, in form and substance satisfactory to Bond Counsel, the Underwriter and Underwriter’s Counsel;]

(xix) [A certificate or certificates of the Insurer, dated the date of Closing, as to the accuracy of the information relating to the Insurer, the Policy and the Surety Bond included in the Official Statement and such other matters reasonably required by Bond Counsel;] and

(xx) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter’s Counsel and Bond Counsel may reasonably request to evidence (A) compliance by the Authority with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the Authority’s representations herein contained, (C) the accuracy, as of the time of Closing, of the information contained in the Official Statement and (D) the due performance or satisfaction by the Authority at or prior to such time of all acts and agreements, including its performance under the Authority Documents then to be performed and of all conditions then to be satisfied by the Authority. All of the opinions, letters, certificates, instruments and documents shall be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, in the reasonable judgment of the Underwriter, they are satisfactory in form and substance as set forth in this Purchase Contract.

If the Authority shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and none of the Underwriter nor the Authority shall be under any further obligation hereunder.

8. Expenses. The Underwriter shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of the obligations of the Authority hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Authority Documents and the cost of preparing, issuing, and delivering the Bonds, [(b) the premiums with respect to

the Policy and the Surety Bond,] (c) the fees and disbursements of any counsel, municipal advisors, accountants, or other experts or consultants retained by the Authority, (d) the fees and disbursements of Bond Counsel, (e) the cost of printing the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto, including the requisite number of copies thereof for distribution by the Underwriter, (f) charges of rating agencies for any rating with respect to the Bonds, (g) CUSIP Service Bureau fees and charges, (h) Trustee's fees and expenses, and (i) expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the Authority's officers or employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees.

The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Authority agrees to reimburse the Underwriter for such fees.

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

9. Notice. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same, in writing, to the San Luis & Delta-Mendota Water Authority, 842 Sixth Street, Los Banos, California 93635, Attention: Executive Director. Any notice or other communication to be given to the Underwriter may be given by delivering the same, in writing, to Citigroup Global Markets Inc., 444 South Flower Street, 27th Floor, Los Angeles, California 90071; Attention: Cameron Parks, Director.

10. Entire Agreement. This Purchase Contract, when accepted by the Authority shall constitute the entire agreement among the Authority and the Underwriter with respect to the subject matter hereof.

11. No Advisory or Fiduciary Role. The Authority acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the Authority and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the Authority, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority on other matters) and the Underwriter has no obligation to the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriter is not acting as municipal advisor (as defined in Section 15B of

the Securities Exchange Act of 1934, as amended), and (v) the Authority has consulted its own legal, financial and other advisors to the extent they deemed appropriate in connection with the offering of the Bonds.

12. Benefit. This Purchase Contract is made solely for the benefit of the Authority and the Underwriter (including the successors of the Underwriter) and no other person, partnership or association, shall acquire or have any right hereunder or by virtue hereof. All representations and agreements by the Authority in this Purchase Contract shall remain operative and in full force and effect except as otherwise provided herein, regardless of any investigations made by or on behalf of the Underwriter and shall survive the delivery of and payment of the Bonds.

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

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

15. State of California Law Governs. THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS PURCHASE CONTRACT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

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

[Signature page(s) follow]

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By: \_\_\_\_\_  
Managing Director

Accepted as of the date  
first stated above:

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By: \_\_\_\_\_  
Executive Director

EXHIBIT A

\$ \_\_\_\_\_

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
REVENUE BONDS (OM&R PROJECT), SERIES 2020A

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

Upon the initial issuance of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to deliver a supplemental opinion to the Underwriter in substantially the form set forth below:

[LETTERHEAD OF BOND COUNSEL]

\_\_\_\_\_, 2020

Citigroup Global Markets, Inc.,  
300 South Grand Avenue, Suite 3110  
Los Angeles, CA 90071

Re: *San Luis & Delta-Mendota Water Authority  
Revenue Bonds (OM&R Project), Series 2020A*

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the San Luis & Delta-Mendota Water Authority (the "Authority") of \$\_\_\_\_\_ aggregate principal amount of San Luis & Delta-Mendota Water Authority Revenue Bonds (OM&R Project), Series 2020A (the "Bonds"), under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "Government Code") and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (collectively, the "Act"), Resolution 2020-454 of the Authority, adopted on February 6, 2020 (the "OM&R Master Resolution") and under and pursuant to an Indenture of Trust (the "Indenture"), dated as of November 1, 2020 by and between the Authority and MUFG Union Bank, N.A., as trustee. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

On the date hereof, we delivered to the Authority our opinion relating to, among other things, the validity of the Bonds and the Indenture (the "Approving Opinion"). The Underwriter is authorized to rely upon the Approving Opinion as if addressed to the Underwriter.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary and in reliance on the foregoing, as appropriate, we are of the opinion that:

(i) The Purchase Contract, dated \_\_\_\_\_, 2020 (the "Purchase Contract"), by and between the Authority and Citigroup Global Markets, Inc. (the "Underwriter"), relating to the Bonds, has been duly authorized, executed and delivered by the Authority, and assuming due

authorization, execution and delivery by the Underwriter, is a valid and binding agreement of the Authority enforceable in accordance with its terms;

(ii) The statements contained in the Official Statement dated \_\_\_\_\_, 2020 for the Bonds (the “Official Statement”) under the captions “INTRODUCTION,” “THE BONDS,” “SECURITY FOR THE BONDS,” “TAX MATTERS,” in APPENDIX D – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE OM&R MASTER RESOLUTION AND THE INDENTURE,” and in APPENDIX G – “PROPOSED FORM OF OPINION OF BOND COUNSEL,” insofar as such statements purport to summarize certain provisions of the Bonds and certain provisions of the OM&R Master Resolution, the Indenture and our Approving Opinion with respect to certain federal and state income tax matters related to the Bonds, are accurate in all material respects; and

(iii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Purchase Contract, the OM&R Master Resolution, the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the OM&R Master Resolution, the Indenture or the Bonds, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the OM&R Master Resolution, the Indenture or the Bonds, or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Bonds.

This opinion is limited to matters governed by the laws of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

This letter is being furnished to the Underwriter solely for its benefit in connection with the Underwriter’s purchase of the Bonds in accordance with the Purchase Contract and is not to

be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed. The Underwriter has been represented in connection with the purchase of the Bonds by separate counsel; and no attorney-client relationship has existed or exists between the Underwriter and our firm in connection therewith or by virtue of this letter.

Respectfully submitted,



EXHIBIT C

FORM OF OPINION OF AUTHORITY GENERAL COUNSEL

*Upon the initial issuance of the Bonds, Authority General Counsel proposes to deliver an opinion to the Underwriter in substantially the form set forth below.*

\_\_\_\_\_, 2020

Citigroup Global Markets, Inc.  
300 South Grand Avenue, Suite 3110  
Los Angeles, CA 90071

*Re: San Luis & Delta-Mendota Water Authority  
Revenue Bonds (OM&R Project), Series 2020A*

Ladies and Gentlemen:

I am General Counsel to the San Luis & Delta-Mendota Water Authority (the “Authority”). The Authority has entered into a Purchase Contract dated \_\_\_\_\_, 2020 (the “Purchase Contract”), with Citigroup Global Markets, Inc., relating to the San Luis & Delta-Mendota Water Authority Revenue Bonds (OM&R Project), Series 2020A (the “Bonds”). Among other things, the Purchase Contract states that Authority General Counsel shall provide assurances as set forth below.

The following opinion is presented to you in satisfaction of the requirements of Section 8(e)(iii) of the Purchase Contract. In arriving at the opinions expressed below, I have examined and am familiar with: (i) documents relating to the existence, organization and operation of the Authority; (ii) the certificate of the Authority dated the date hereof, and executed by the Authority’s Executive Director or other duly authorized officer regarding the Authority and the above-referenced transaction pursuant to Section 8(e)(vi) of the Purchase Contract; (iii) documentation of the Authority relating to the authorization, execution and delivery of the above referenced transaction, including Resolution 2020-454 of the Authority adopted on February 6, 2020 (the “OM&R Resolution”), Resolution 2020-\_\_\_ of the Authority adopted on September 14, 2020, and Resolution 2020-\_\_\_ of the Authority adopted on [October 8], 2020 (Resolutions 2020-\_\_\_ and 2020-\_\_\_ herein referred to as the “Authorizing Resolutions”); (iv) the Authority Documents, and (v) such other documents, records and instruments and made such investigations of law and fact as I have deemed necessary to render the opinions expressed herein. Capitalized terms used herein and not defined shall have the meanings given to such terms in the Purchase Contract.

In connection with my role as General Counsel to the Authority, I examined the law and such certified proceedings and other documents as I deemed necessary to render this opinion. As to questions of fact material to such opinions, I relied upon representations and information supplied to me by the Authority and its officials, other employees, and representatives and upon

representations and certificates of various other public officials. In the course of my representation, nothing has come to my attention that caused me to believe that any of the factual representations upon which I have relied are untrue, but I have made no other factual investigations.

When used herein, the phrase "to my current actual knowledge" means that, during the course of my representation of the Authority, no information that would give me current actual knowledge of the inaccuracy of such statement has come to my attention. However, I have not undertaken any independent investigation or inquiry to determine the accuracy of such statement other than as detailed herein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, it is my opinion that:

1. The Authority is a joint exercise of powers agency duly organized under the Amended and Restated Joint Exercise of Powers Agreement-SAN LUIS & DELTA-MENDOTA WATER AUTHORITY, dated as of January 1, 1992, by and between the Authority and certain districts and other public agencies with the power, among others, to finance, develop, operate and maintain water supply facilities (the "JPA Agreement"), and under the laws of the State of California, and has full legal right, power and authority to enter into the Authority Documents, to adopt the Authorizing Resolutions and to carry out and consummate the transactions contemplated by the Authority Documents, the OM&R Master Resolution and the Authorizing Resolutions and by proper action has duly authorized the execution and delivery and due performance of the Authority Documents.
2. The Authority Documents have been duly authorized, executed and delivered by the Authority, and the Authority has full right, power and authority to carry out and consummate all transactions contemplated by the Authority Documents as of the date of the Official Statement and as of the date hereof.
3. The OM&R Master Resolution and the Authorizing Resolutions were duly adopted at meetings of the governing body of the Authority, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the OM&R Master Resolution and the Authorizing Resolutions are in full force and effect and have not been modified, amended or rescinded.
4. To my current actual knowledge, the execution and delivery of the Authority Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, will not constitute, or with the giving of notice or the passage of time would not constitute, on the part of the Authority a breach of or default under, any material agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, administrative rule, regulation, order, decree, judgment, license or permit to which the Authority is subject (excluding, however, any opinion as to compliance with any applicable federal securities laws); or by which the Authority or any of its property is bound.
5. No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date hereof for the Authority to adopt the Authorizing Resolutions or enter into the Authority Documents or to perform its obligations thereunder.

6. The Official Statement has been prepared by, or on behalf of, the Authority under the supervision of the Authority's Executive Director and executed on its behalf by the Chair of the Board of Directors and the Executive Director.

7. Based on the information made available to me in my role as General Counsel to the Authority, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (excluding Appendix A and Appendix B thereto), nothing has come to my attention which would lead me to believe that the Preliminary Official Statement as of its date or the Official Statement as of its date and as of the date hereof (excluding therefrom the financial and statistical data and forecasts and the information with respect to DTC and its book-entry system included therein, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

8. No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date hereof for the Authority to enter into the Authority Documents or to perform its obligations thereunder.

9. To my current actual knowledge, except as set forth in the Official Statement, I know of no litigation, proceeding, action, suit, or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending or, to my current actual knowledge, threatened, against the Authority challenging the creation, organization or existence of the Authority, or the validity of the OM&R Resolution, the Authorizing Resolutions or the Authority Documents or seeking to restrain or enjoin the payment of debt service on the Bonds or in any way contesting or affecting the validity of the OM&R Resolution, the Authorizing Resolutions or the Authority Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the Authority to enter into or perform its obligations under any of the Authority Documents, or under which a determination adverse to the Authority would have a material adverse effect upon the OM&R Revenues, or which, in any manner, questions or affects the right or ability of the Authority to enter into the Authority Documents or affects in any manner the right or ability of the Authority to pay debt service on the Bonds.

The opinions expressed herein are based upon an analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. I call attention to the fact that the rights and obligations under the Purchase Contract, the OM&R Master Resolution, the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

The opinions set forth above are further qualified as follows:

a. My opinions are limited to the matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly so stated;

b. I am licensed to practice law in the State of California; accordingly, the foregoing opinions only apply insofar as the laws of the State of California and the United States may be concerned, and I express no opinion with respect to the laws of any other jurisdiction;

c. I express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party;

d. I express no opinion as to the effect or availability of any specific remedy provided for in the Authority Documents under particular circumstances, except that I believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby;

e. I disclaim any obligation to update this opinion for events occurring after the date hereof.

f. By delivering this letter, I am not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the OM&R Master Resolution, the Indenture, the Purchase Contract or the Bonds, nor am I expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the OM&R Master Resolution, the Indenture or the Bonds, or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

This letter is being furnished to the Underwriter solely for its benefit in connection with the Underwriter's purchase of the Bonds in accordance with the Purchase Contract and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without my prior written consent. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed. The Underwriter has been represented in connection with the purchase of the Bonds by separate counsel; and no attorney-client relationship has existed or exists between the Underwriter and me in connection therewith or by virtue of this letter.

Respectfully submitted,

Rebecca R. Akroyd  
General Counsel  
San Luis & Delta-Mendota Water Authority

EXHIBIT D  
GOOD FAITH ESTIMATES

## Revenue Bonds (OM&R Project), Series 2020A

### Good Faith Estimates

Set forth below are **good faith estimates** of Fieldman, Rolapp & Associates, Inc., the municipal advisor, as required under Section 5852.1 of the California Government Code (the “Code”). **The following estimates are based on market conditions as of September 1, 2020 and have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the Bonds is estimated at 3.24%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Bonds, including all fees and charges paid to third parties, is estimated at \$254,695.
- (c) Proceeds of the Bonds expected to be received by the District for the sale of the Bonds, less the finance charge described in (b) above and any capitalized interest or reserves paid from proceeds of the Bonds in the amount of \$773,057, is equal to \$12,352,248.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$19,254,862.

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

EXHIBIT E

UPDATES TO  
THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
DISCLOSURE PROCEDURES

EXHIBIT E

# **SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

## **DISCLOSURE PROCEDURES**

### **PURPOSE**

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate procedures in connection with debt obligations, including notes, bonds and other obligations, issued by or on behalf of the San Luis & Delta-Mendota Water Authority (the “Authority”) so as to ensure that the Authority continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

### **BACKGROUND**

The Authority may from time to time issue revenue bonds, notes, or other obligations (collectively, “Obligations”) on behalf of its members (the “Members”) in order to fund or refund capital investments, other long-term programs, and/or working capital needs. Typically, Obligations are issued on behalf of some or all of its members, although the Authority has the legal authority to issue or enter into Obligations for its own benefit. In offering Obligations to the public, and at other times when the Authority makes certain reports, the Authority must comply with the “anti-fraud rules” of federal securities laws. “Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Authority must not omit material information that would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued, the two central disclosure documents that are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, security provisions and other matters particular to the financing), (ii) a section that provides information on the Authority and the project being financed (“Authority Section”), (iii) one or more appendices that provide information about the Authority Member[s] who are obligated to pay a material portion of Authority debt service (those members being referred to as “Authority Members” in this Disclosure Procedure), including information about such Authority Members’ financial condition, certain operating information relating to such Authority Members and the Authority Members’ audited financial report (each a “Member Section”), and (iv) various other appendices, including the form of the proposed legal opinion of Bond Counsel, and form of continuing disclosure undertaking[s] entered into with respect to such Obligation. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

Generally only those Authority Members participating in the Obligation will provide information for the POS. If an Authority Member is not providing information for inclusion in the POS, the Authority Member will not be expected to comply with these Procedures including delivery 10b-5 or 15c2-12 certifications.



## **A SUMMARY OF THE DISCLOSURE PROCESS**

When the Authority determines to issue Obligations, the Chief Operating Officer requests the involved Authority Members and Authority staff to commence preparation of the portions of the Official Statement for which they are responsible. While the general format and content of the Official Statement may not normally change substantially from offering to offering, except as necessary to reflect major events, the Chief Operating Officer, other relevant Authority staff, and relevant Authority Member staff are responsible for reviewing and preparing or updating certain portions of the Authority Section that are within their particular areas of knowledge. The Chief Operating Officer and other relevant Authority staff are also responsible for coordinating with the appropriate Authority Members' staff as the various Member Sections are reviewed, prepared, or updated. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the Chief Operating Officer for review and input. The Chief Operating Officer will also confirm that each Member Section has been shared with the general manager of such Authority Member.

Members of the financing team, including Bond and Disclosure Counsel and a municipal advisor, if one is engaged with respect to the Obligations (the "Municipal Advisor"), will assist Authority staff and Authority Member staff in determining the materiality of any particular item, and in the development of specific language in the Authority Section and the Member Sections. Members of the financing team also assist the Authority and the Authority Members in the development of a "big picture" overview of the Authority's and each Authority Member's financial condition, included in the Authority Section or the respective Member Section. This overview highlights particular areas of concern. Bond and Disclosure Counsel have a confidential, attorney-client relationship with officials and staff of the Authority as well as with Authority Member staff serving in official capacities with the Authority (for example, those who serve as Authority board members, Authority committee members, or alternates).

The Chief Operating Officer or the Chief Operating Officer will schedule one or more meetings or conference calls of the financing team (which includes Authority officials, Authority Members officials, General Counsel, Bond and Disclosure Counsel, the Authority's Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel) to discuss the forepart of the Official Statement, the Authority Section and Member Sections. Revised versions of the Official Statement, the Authority Section and the Member Sections will be recirculated and revised until the Authority and Members have confirmed that their respective sections are substantially final and complete. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Authority staff, Authority Members' staff, and other members of the financing team to discuss issues that may arise, determine the materiality of particular items, and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call that includes Authority and Authority Member staff involved in the preparation of the POS, members of the financing team, and the underwriters and the underwriter's counsel (if the proposed financing is being undertaken as a negotiated transaction), during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of Authority and Authority Member staff. This is referred to as a "due diligence" meeting.

A substantially final form of each Member Section is provided to the respective Authority Member's board of directors in advance of approval to afford such Authority Member's board of directors an opportunity to review the Member Section, ask questions and make comments. The substantially final

form of such Member Section is typically approved by the Authority Member's board of directors, which generally authorizes certain senior staff of the Authority Member to make additional corrections, changes, and updates to the Member Section in consultation with counsel to the Authority Member and Bond and Disclosure Counsel.

A substantially final form of the POS is provided to the Authority Board of Directors in advance of approval to afford the Authority Board of Directors an opportunity to review the POS, ask questions, and make comments. The substantially final form of the POS is approved by the Board of Directors, which generally authorizes the Chief Operating Officer and/or certain senior staff of the Authority to make additional corrections, changes, and updates to the POS in consultation with Authority General Counsel and Bond and Disclosure Counsel.

At the time the POS is posted for review by potential investors, senior Authority officials execute certificates deeming certain portions of the POS (except for the Member Sections and certain pricing terms) complete as required by SEC Rule 15c2-12. At the same time, senior officials from the relevant Authority Members execute certificates deeming such Authority Member's Member Section (except for certain pricing terms) complete as required by SEC Rule 15c2-12 ("Member "15c2-12 Certificates").

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Authority Section and Member Sections, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Authority officials will execute certificates stating that certain portions of the OS (not including the Member Sections), as of the date of each OS and as of the date of closing, do not contain any untrue or misleading statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made. Authority General Counsel also provides a negative assurances letter (generally addressed to the underwriters) advising that information contained in the Authority Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue or misleading statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made. Authority General Counsel does not provide assurances to the underwriters or to other third parties as to any financial, statistical, economic, or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions, or expressions of opinion, and certain other matters that are customarily excluded.

Bond and Disclosure Counsel also provides a negative assurance letter (addressed to the underwriters) with respect to the Authority Section. Bond and Disclosure Counsel does not give negative assurances to the underwriters or to other third parties as to any financial, statistical, economic, or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions, or expressions of opinion, or information contained in appendices to the OS, and certain other matters that are customarily excluded.

In connection with the closing of the transaction, one or more senior official of each relevant Authority Member execute certificates ("Member 10(b)-5 Certificates") stating that the relevant Member Section, as of the date of the OS and as of the date of closing, does not contain any untrue or misleading

statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made. General Counsel to each relevant Authority Member also provides a negative assurance letter (generally addressed to the underwriters) advising that information contained in the relevant Member Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue or misleading statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made (“Member 10(b)-5 Opinions”). Such Authority Member counsel does not provide assurances to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions, or expressions of opinion, and certain other matters that are customarily excluded.

The Authority and Authority Members have an obligation to update information contained in the Authority Section or Authority Members Section for up to 25 days after the closing of the Obligation if there has been a material change. Such update will be in the form of a supplement to the final OS.

## **AUTHORITY SECTION**

The information contained in the Authority Section is developed by personnel under the direction of the Chief Operating Officer, with the assistance of the financing team. In certain circumstances, additional Authority staff will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the Authority Section:

- Authority staff involved in the disclosure process are responsible for being familiar with its responsibilities under federal securities laws as described above.
- Authority staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Authority officials and staff are encouraged to consult Authority General Counsel, Bond and Disclosure Counsel, or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Authority should consider revisions to the Procedures.
- The process of updating the Authority Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Authority Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content, and tone of the sections for which they are responsible at the time of each update.
- The Authority must make sure that the Authority staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Authority, its operations, and its finances.

## **MEMBER SECTIONS**

While the Authority is not primarily responsible for information in each Authority Member's Member Section, Authority staff and members of the finance team will be available to assist Authority Members in preparation of the Member Sections if requested. Authority staff will confirm that the required Authority Members' 15c2-12 Certificate, Member 10b-5 Certificates, and Member 10b-5 Opinions have been received from Authority Members participating in the Obligation in a timely manner. The Authority has suggested that each Authority Member adopt disclosure policies to assist with the Authority Member's compliance with federal securities law, which detail how the Member Sections will be prepared.

## **DISTRIBUTION AND TRAINING**

The Procedures shall be provided to all members of senior staff and any other member of the Authority staff that is involved in the Authority's disclosure obligations.

Periodic training for the Authority staff involved in the preparation of the Official Statement (including the Authority Section) is coordinated by the finance team and the Chief Operating Officer. These training sessions are provided to assist Authority staff members involved in identifying relevant disclosure information to be included in the Authority Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Authority Section, a description of previous SEC enforcement actions, and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond and Disclosure Counsel, concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions. The Authority will provide Authority Members the opportunity to attend such training.

## **ANNUAL CONTINUING DISCLOSURE REQUIREMENTS**

In connection with the issuance or execution and delivery of Obligations, the Authority has generally required that the Authority Members enter into contractual agreements ("Continuing Disclosure Undertakings") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. In connection with the future issuance or execution and delivery of Obligations, the Authority may enter Continuing Disclosure Undertakings itself and/or may require Authority Members to enter into Continuing Disclosure Undertakings. The Authority must comply with the specific requirements of each Continuing Disclosure Undertaking to which it is a party. Continuing Disclosure Undertakings generally require that the annual reports be filed within 270 days after the end of the relevant fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Undertaking.

After the first Authority financing that closes subsequent to February 27, 2019, General Counsel or other senior staff (i.e., Chief Operating Officer, Director of Finance, or other executive positions within the Authority), as applicable, will provide written notice to the Chief Operating Officer of receipt by the

Authority of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a “Potentially Reportable Event”) under any agreement or obligation to which the Authority is a party and which may be a “financial obligation” as discussed below. Such written notice should be provided by General Counsel to the Chief Operating Officer as soon as General Counsel is placed on written notice by the Authority staff, consultants, or external parties of such event or receives written notice of such event so that the Chief Operating Officer can determine, with the assistance of Disclosure Counsel, whether notice of such Potentially Reportable Event is required to be filed on EMMA pursuant to the disclosure requirements of SEC Rule 15c2-12. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of the Authority.

General Counsel or other senior staff (i.e., Chief Operating Officer, Director of Finance, or other executive positions within the Authority), as applicable, will report to the Chief Operating Officer the execution by the Authority of any agreement or other obligation that might constitute a “financial obligation” for purposes of Rule 15c2-12 and which is entered into after February 27, 2019. Amendments to existing Authority agreements or obligations with “financial obligation” that relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the Chief Operating Officer as well as soon as General Counsel or such other senior staff is placed on written notice by the Authority staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the Chief Operating Officer is necessary so that the Chief Operating Officer can determine, with the assistance of Disclosure Counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation” described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute “financial obligations” and which could need to be reported on EMMA are discussed in the memorandum from disclosure counsel attached hereto as Exhibit A.

General Counsel or other senior staff will also notify each participating Authority Member that it may have incurred a “financial obligation” for purposes of 15c2-12 and that such participating Authority Members may be obligated to file a notice on EMMA. Each Participating Authority Member will be responsible for determining under their existing continuing disclosure undertakings, if any, whether such a notice needs to be filed.

The Chief Operating Officer will be responsible for preparing and filing the annual reports and material event notices required pursuant to each Continuing Disclosure Undertaking entered into by the Authority. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations) as well as timely filing of any notices of refunding and defeasances of Authority bonds, notes, or other obligations.

## **SECONDARY MARKET DISCLOSURE**

On February 7, 2020, the SEC released a staff legal bulletin (the “Bulletin”) concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities laws to public agency websites, reports delivered to governmental and institutional bodies and statements made by

public officials including board members. Documents, reports, and other written statements of the Authority that contain current financial and operational conditions of the Authority may be included on the Authority's website as appropriate. The Authority and its Bond Counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into this Policy and into disclosure training for staff and Board members. The Bulletin requires Authority staff review. The Authority and its Bond Counsel will be cognizant of those reviews and will consider whether those reviews require the Authority to make secondary market disclosures.

**CERTIFICATION AND RECEIPT OF UNDERSTANDING**

**I certify that I have received a copy of the San Luis & Delta-Mendota Water Authority Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.**

**Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## **EXHIBIT A**

An amendment to Securities and Exchange Commission (the “SEC”) Rule 15c2-12 (the “Rule”) becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the “Effective Date”). As a result, with respect to any debt offered publicly by the San Luis & Delta-Mendota Water Authority (the “Authority”) after the Effective Date to which the Rule applies, the Authority will be required to enter into a continuing disclosure undertaking pursuant to which it will agree to provide notice on the EMMA electronic reporting system (“EMMA”) of the incurrence of any “financial obligation” if material and will be obligated to disclose default on and certain other information with respect to any “financial obligation” regardless of when the financial obligation was incurred.

The Rule provides a general definition of a “financial obligation.” While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines “financial obligation” more broadly to include “a debt obligation, derivative instrument...or a guarantee of either a debt obligation or a derivative instrument.”

To date the SEC has provided limited guidance on the specific application of the definition of “financial obligation.” The SEC release accompanying the final amendment suggests a key concept in that a “financial obligation” involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a “guarantee” or a “debt” but did indicate that the SEC will not necessarily look to state law definitions of a “guarantee” or “debt.”

The Authority will need to carefully monitor agreements or other obligations entered into by the Authority after the Effective Date, and any modifications to such agreements or other obligations, to determine whether they constitute “financial obligations” under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if the Authority receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, the Authority will need to determine whether such agreement or obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (i.e., reduction in overall liquidity, creditworthiness, or debt owner’s rights).

Types of agreement or other obligations that are likely to be “financial obligations” under the Rule include:

1. Bank loans or other obligations which are privately placed;
2. State or federal loans;
3. Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
4. Letters of credit, surety policies, or other credit enhancement with respect to the Authority’s publicly offered debt;
5. Letters of credit, including letters of credit that are provided to third parties to secure the Authority’s obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the Authority’s obligations for performance under a mitigation agreement);
6. Capital leases for property, facilities, fleet, or equipment; and



7. Agreements that guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements that could be a “financial obligation” under the Rule include:

1. Payment agreements that obligate the Authority to pay a share of another public agency’s debt service (for example, an agreement with a joint powers agency whereby the Authority agrees to pay a share of the joint powers agency’s bonds, notes, or other obligations); and
2. Service contracts with a public agency or a private party pursuant to which the Authority is obligated to pay a share of such public agency or private party’s debt service obligation (for example, certain types of P3 arrangements).

Types of agreements that may be a “financial obligation” subject to the Rule include:

1. Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

The above list is based on disclosure counsel advice as of May 16, 2019. The Chief Operating Officer will continue to work with General Counsel and Disclosure Counsel to refine the definition of financial obligation going forward based on future SEC guidance.