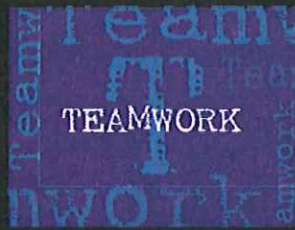
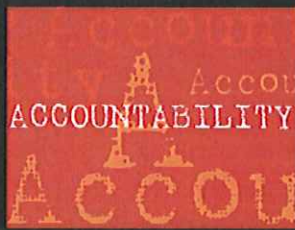


ROWLAND WATER DISTRICT

3021 South Fullerton Road
Rowland Heights, CA 91748
(562) 697-1726

RWD BOARD VISION



Our Mission:

"Bound by our core values -- Accountability, Communication and Teamwork -- we are committed to providing the highest level of service to our customers --

DEDICATED-RELIABLE-OUTSTANDING-PROFESSIONAL SERVICE"

Board of Directors Regular Meeting

August 12, 2014

6:00 p.m.



AGENDA

Regular Meeting of the Board of Directors

August 12, 2014

6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

Szu Pei Lu-Yang, President

John Bellah, Vice President

Anthony J. Lima

Robert W. Lewis

Teresa P. Rios

ADDITION(S) TO THE AGENDA

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Rose Perea, Secretary to the Board at (562) 697-1726, or writing to Rowland Water District, at P.O. Box 8460, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included, so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.

Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office, located at 3021 S. Fullerton Road, Rowland Heights, CA 91748.

Tab 1 CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion, unless separate discussion is requested.

- 1.1 Approval of the Minutes of Regular Board Meeting held on July 8, 2014**
Recommendation: The Board of Directors approve the Minutes as presented.
- 1.2 Approval of the Minutes of Special Board Meeting held on July 22, 2014**
Recommendation: The Board of Directors approve the Minutes as presented.
- 1.3 Demands on General Fund Account for July 2014**
Recommendation: The Board of Directors approve the demands on the general fund account as presented.
- 1.4 Investment Report for July 2014**
Recommendation: The Board of Directors approve the Investment Report as presented.
- 1.5 Water Purchases for June 2014**
For information purposes only.

Next Special Board Meeting
Next Regular Board Meeting

August 19, 2014, 5:00 p.m.
September 9, 2014, 6:00 p.m.

Tab 2 ACTION ITEMS

This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action.

- 2.1 Review and Approve Directors' Meeting Reimbursements for July 2014**
Recommendation: The Board of Directors approve the reimbursements as presented.
- 2.2 Review and Approve Resolution No. 8-2014 Authorizing the Issuance of Not to Exceed \$21 Million Principal Amount of Water Revenue Refunding Bonds, Series 2014A, Authorizing and Directing Execution of an Indenture of Trust, Escrow Instructions, a Continuing Disclosure Agreement and a Bond Purchase Contract, Authorizing the Sale of Bonds, Approving an Official Statement and Providing Other Matters Properly Relating Thereto**
Recommendation: The Board of Directors approve Resolution No. 8-2014 as presented.

- 2.3 Review Implementation of Draft Resolution No. 9-2014 Declaring a Level 2 Water Supply Shortage and Instituting Level 2 Conservation Requirements; Schedule Public Hearing For September 9, 2014**
Recommendation: The Board of Directors approve Resolution No. 9-2014 And Schedule a Public Hearing for September 9, 2014
- 2.4 Approve/Decline Claim for Damages Submitted by Verizon in the Amount of \$7,271.96**
Recommendation: The Board of Directors Decline the Claim Submitted by Verizon in the amount of \$7,271.96.
- 2.5 Approve/Decline Claim for Damages Submitted by Southern California Edison in the Amount of \$4,167.93**
Recommendation: The Board of Directors Decline the Claim Submitted by Southern California Edison in the amount of \$4,167.93.
- 2.6 Review and Approve First Amendment to Agreement for Employment of Assistant General Manager**
Recommendation: The Board of Directors approve the First Amendment to Agreement for Employment of Assistant General Manager.
- 2.7 Review and Approve 2014-2015 Salary Schedule**
Recommendation: The Board of Directors approve the salary schedule as presented.
- 2.8 Review White Nelson Diehl Evans LLP Planning Communication Letter for the Audits of the Rowland Water District**
For information purposes only.
- 2.9 Review and Approve the Acceptance of Invitations from the Republic of the Philippines to Make a Presentation on the Operations of the District at a Seminar to be held on October 15, 2014 in Manila, Philippines**
Recommendation: None
- 2.10 Public Relations (Rose Perea)**
- **Communications Outreach (CV Strategies)**
 - **Education Update**
- For information purposes only.*
- 2.11 Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**
- 2014 San Gabriel Valley Water Forum, October 2, 2014, Sheraton Fairplex Conference Center, 601 W. McKinley, Pomona, CA
 - Annual Public Safety Appreciation Luncheon, October 30, 2014, Pacific Palms Conference Resort, 11:30 a.m.-2:00 p.m.

Tab 3 LEGISLATIVE INFORMATION

3.1 Updates on Legislative Issues.

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Tab 4 REVIEW OF CORRESPONDENCE

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Tab 5 COMMITTEE REPORTS

5.1 Three Valleys Municipal Water District (Directors Lu-Yang/Lima)

- Agenda Regular Board Meeting held July 16, 2014
- Action Line Regular Board Meeting held July 16, 2014

There are no tabs for the remainder of the meeting.

5.2 Puente Basin Water Agency (Directors Lima/Lewis)

5.3 Joint Powers Insurance Authority (Director Lewis/Mr. Deck)

5.4 Association of California Water Agencies (Directors Lewis/Bellah)

5.5 Project Ad-Hoc Committee (Directors Lima/Lu-Yang)

5.6 Regional Chamber of Commerce (Directors Lu-Yang/Lewis)

5.7 PWR Joint Water Line Commission (Directors Lima/Bellah)

5.8 Sheriff's Community Advisory Council (Directors Lu-Yang/Rios)

5.9 Rowland Heights Community Coordinating Council (Directors Bellah/Rios)

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1 Personnel Report (Mr. Deck)

6.2 Engineer's Report (Mr. Carrera)

Tab 7 ATTORNEY'S REPORT (Ms. Morningstar)

Tab 8 *CLOSED SESSION*

a. Public Employee Performance Evaluation Pursuant to Government Code Section 54957

Annual Performance Review for General Manager. This matter may be discussed in open session.

Directors' and General Manager's Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT

President SZU PEI LU-YANG, Presiding

Tab

1.1



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
July 8, 2014 - 6:00 p.m.
Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Anthony J. Lima
Director Teresa P. Rios
Director Robert W. Lewis

ABSENT:

None.

OTHERS PRESENT:

Dan Horan, Three Valleys Municipal Water District
Joe Ruzicka, Three Valleys Municipal Water District
James Linthicum, Three Valleys Municipal Water District
Ashley Hudgins, CV Strategies
Harry Peterson, Resident

ROWLAND WATER DISTRICT STAFF

Ken Deck, General Manager
Ted Carrera, Assistant General Manager
Tom Coleman, Assistant General Manager
Rose Perea, Director of Administrative Services
Sean Henry, Finance Officer

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEMS

None.

Tab 1 - CONSENT CALENDAR

Upon motion by Director Lewis, seconded by Director Lima, the Consent Calendar was unanimously approved.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

The approval of the Consent Calendar included:

**1.1
Approval of the Minutes of Regular Board Meeting Held on June 10, 2014**

**1.2
Demands on General Fund Account for June 2014**

**1.3
Investment Report for June 2014**

**1.4
Water Purchases for May 2014**

Next Special Board Meeting July 22, 2014, 5:00 p.m.
Next Regular Board Meeting August 12, 2014, 6:00 p.m.

Tab 2 - ACTION ITEMS

**2.1
Approve Directors’ Meeting Reimbursements for June 2014**
Upon motion by Director Lima, seconded by Director Lewis, the Directors’ Meeting Reimbursement Report was approved as presented. The motion was unanimously carried.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

**2.2
Discuss Resignation of John Bellah from the Rowland Heights Community Coordinating Council and Nomination of an Alternate District Representative to the Council in his Place**
President Lu-Yang accepted Director Bellah’s resignation from the Coordinating Council. After discussion, it was the consensus of the Board that Director Rios serve as the representative of the District on the Coordinating Council and that an alternate representative not be appointed at this time. Upon motion by Director Lewis, seconded by Director Lima, the Board appointed Director Rios as the District representative on the Rowland Heights Community Coordinating Council. The motion was unanimously carried.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

2.3

Discuss and Approve Refunding of 2008 Certificates of Participation

Mr. Deck advised that as part of the District’s ongoing efforts to implement budgetary savings and reduce costs, the District has the opportunity to refinance its 2008 Certificates of Participation Recycled Water Project (“2008 COP”). Due to the historically low interest rates and the District’s good credit rating, under current market conditions it is estimated that the District can save approximately \$2.9 million over the remaining life of the 2008 COP by refinancing at this time and issuing water revenue refunding bonds to refinance the 2008 COP. The 2008 COP can be redeemed without a redemption premium and the 2014 Bonds will be issued with the same final year of payment of 2039 as the 2008 COP. By taking advantage of the low interest rates currently available in the market, the interest rate can be lowered from 6.3% to approximately 4%. Refinancing of the 2008 COP would produce annual savings of approximately \$170,000.00.

Upon motion by Director Lima, seconded by Director Lewis, the Refunding of the 2008 Certificates of Participation was unanimously approved.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

2.4

Review and Approve Resolution No. 7-2014 Adopting Policies and Procedures for Water Service to Developments with Affordable Housing

Mr. Deck advised the Board that pursuant to Senate Bill 1087, State law requires that water and sewer providers prepare policies and procedures for granting priority for service allocations to proposed developments that include units housing for affordable to lower-income households.

A motion was made by Director Lima, seconded by Director Rios, to approve Resolution No. 7-2014 Adopting Policies and Procedures for Water Service to Developments with Affordable Housing. The motion was approved by the following roll-call vote:

AYES: Directors Lima, Lu-Yang, Lewis, Bellah and Rios
NOES: None
ABSENT: None
ABSTAIN: None

Motion was passed by a vote of 5-0.

2.5

Review and Approve Changes to Rowland Water District Personnel Rules and Regulations

Mr. Deck referred to the Memorandum included in the Director’s Board packets which set forth the changes made to the District Personnel Rules and Regulations. He advised that the changes and additions made to the Personnel Rules and Regulations had been reviewed by the employment law firm of Liebert Cassidy Whitmore and District legal counsel, Janet Morningstar, and that they recommended certain ministerial changes to update the Personnel Rules and Regulations.

Upon motion by Director Lewis, seconded by Director Lima, the changes to the Personnel Rules and Regulations were unanimously approved.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

2.6

Review and Approve Resolution No. 7.1-2014 Amending the Policies, Rules and Regulations Applicable to District Employees

A motion was made by Director Lewis, seconded by Director Lima, to approve Resolution No. 7.1-2014 Amending the Policies, Rules and Regulations Applicable to District Employees. The motion was approved by the following roll-call vote:

AYES: Directors Lima, Lu-Yang, Lewis, Bellah and Rios
NOES: None
ABSENT: None
ABSTAIN: None

Motion was passed by a vote of 5-0.

2.7

Receive and File Pomona-Walnut-Rowland Joint Waterline Budget for Fiscal Year 2014-2015

A motion by Director Lima, seconded by Director Bellah, to receive and file the Pomona-Walnut-Rowland Joint Waterline Budget for Fiscal Year 2014-2015. The motion was unanimously approved.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

2.8

Approve District Sponsorship of Buckboard Days Parade in the Amount of \$500.00

After discussion, a motion was made by Director Lima, seconded by Director Rios, to sponsor the Buckboard Days Parade in the amount of \$500.00. The motion was unanimously carried.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

Resident, Harry Peterson, thanked the District for its continued support of the Buckboard Days Parade.

2.9

Public Relations

Rose Perea reported that the District participated in the Schabarum Park Community Emergency Response Fair which was held on June 21, 2014 from 10:00 a.m. to 2:00 p.m. and advised that there were many conservation and drought questions posed by members of the community. Staff distributed conservation and California Friendly Landscaping brochures to the public.

- **Communications Update.** Ashley Hudgins, CV Strategies, reported that the 2013 Consumer Confidence Report postcards had been mailed out prior to July 1, 2014 and that the printed document is available online and at the District office. The corresponding Press Release was distributed on June 30, 2014. The legislative one-sheet has been updated and was distributed in June 2014. Updates to the website and the phone “on-hold” messages are on-going and an update of the strategic plan language is being considered.
- **Education Update**
Director Lima noted that he had reviewed the education update and pointed out that the District website reflected 1,800 visits per week which indicates that the website is being regularly viewed.

2.10

Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)

- 2014 CSDA Annual Conference, September 29-October 2, 2014, Palm Springs, CA
Director Lewis requested that staff make reservations for his attendance at the CSDA Annual Conference.

Tab 3 LEGISLATIVE INFORMATION

3.1

Updates on Legislative Issues

For information purposes.

Tab 4 REVIEW OF CORRESPONDENCE

Nothing to report.

Tab 5 COMMITTEE REPORTS

5.1

Three Valleys Municipal Water District

Director Lima reported on his attendance at the June 18, 2014 Board meeting and that there will be no regular board meetings held during the months of July and August. A summer water workshop will be held on July 16, 2014. The next regular meeting will be held in September.

5.2

Puente Basin Water Agency

Director Lewis reported that an update on the Regional Water Supply Reliability Programs was provided. PBWA's *Six Basins and Puente Basin Integrated Water Supply Project* is in the final selection stages for a \$3 million Proposition 84 IRWM Grant (State). In order to assemble all of the information from Los Angeles County, each of the agencies must pay the fee in order that the grant application to the State Water Resources Control Board can be processed by the Counties Consultant. The commission authorized the expenditure in the amount of \$17,440.71. Director Lima reported that a Federal Funding update was provided. The *Water Resources Reform Development Act (WRRDA)* was signed into law. With the formal passage of WRRDA, PBWA will continue to work with Rowland Water District, Walnut Valley Water District and Three Valleys WD to obtain Federal funding for the Pomona Basin Regional Groundwater Project.

Mr. Deck advised the Board that PBWA had entered into Lease Agreements with Montebello Land and Water for 227 acre feet and with Bellflower-Somerset Water Company for 260 acre feet of "Allowed Pumping Allocation" for the period July 1, 2013 through July 1, 2014. These Agreements will avoid the carry-over loss and allow the PBWA to store 487 acre feet of water in the Central Basin.

5.3

Joint Powers Insurance Authority

Nothing to report.

5.4

Association of California Water Agencies

Director Lewis reported on the status of the Water Bond.

5.5

Project Ad-Hoc Committee

President Lu-Yang reported that the last meeting was held on June 26, 2014 and that the Committee discussed the status of various District projects.

5.6

Regional Chamber of Commerce

Director Lewis advised that the next meeting of the Government Affairs Committee will be held on July 14, 2014. President Lu-Yang reported that John Shu has been installed as President of the Chamber.

5.7

PWR Joint Water Line Commission

Mr. Deck reported that a presentation on the La Verne project was made by Eric Hitchman, Walnut Valley Water District, at the June 19, 2014 meeting.

5.8

Sheriff's Community Advisory Council

Nothing to report.

5.9

Rowland Heights Community Coordinating Council

Director Rios reported that the next meeting will be held on July 14, 2014.

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1

Personnel Report

Mr. Deck advised that the District had hired a part-time customer service representative and that she is scheduled to start on July 16, 2014.

6.2

Engineer's Report

Mr. Carrera reported that the Cal Domestic Pump Station No. 1 is approximately twenty-percent (20%) complete and that the 24" pipeline is progressing up Harbor Boulevard and is approximately twenty percent (20%) complete.

Tab 7 ATTORNEY'S REPORT (Ms. Morningstar)

Nothing to report.

Tab 8 CLOSED SESSION

Conference with Legal Counsel – Anticipated Litigation

Pursuant to Government Code Section 54956.9(b)

Verizon Claim for Damages

It was determined that a closed session was not required. Mr. Deck advised the Board that the District had received a Claim for Damages from Verizon in the amount of \$7,000.00 and that staff had forwarded the appropriate claim form to Verizon for completion. Upon receipt of the Claim form and supporting documentation, the claim will be brought back to the Board for review and discussion.

Directors' and General Manager's Comments

Director Rios inquired as to the status of the implementation of the payment Kiosk. Mr. Deck advised that the Kiosk was scheduled to be operational tomorrow, June 9, 2014. Director Rios also reminded the Directors to review the June 17, 2014 meeting schedule and their scheduled meeting times with Dr. Mathis. President Lu-Yang thanked staff for their handling of a recent customer's complaint and the mutually satisfactory resolution of the issues.

Future Agenda Items

None.

Late Business

None.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned at 6:56 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
KEN DECK
Board Secretary

Tab

1.2



Minutes of the Special Meeting of
the Board of Directors of the Rowland Water District

July 22, 2014 – 5:00 p.m.
Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Anthony J. Lima
Director Robert W. Lewis
Director Teresa P. Rios

ABSENT:

None.

OTHERS PRESENT:

Dr. William Mathis, Mathis Consulting Group
Janice Mathis, Mathis Consulting Group

ROWLAND WATER DISTRICT STAFF:

Ken Deck, General Manager

PUBLIC COMMENT ON NON-AGENDA ITEMS

COMMENTS:

None.

Tab 1 ACTION ITEMS

1.1 CLOSED SESSION

President Lu-Yang adjourned the meeting to closed session at 5:05 p.m. and announced that the purpose of the closed session, and the provision of the Brown Act authorizing the closed session were listed in the agenda.

- a. **Public Employee Performance Evaluation Pursuant to Government Code Section 54957.** Annual Performance Review for General Manager.

The closed session was adjourned and the Board resumed the meeting in open session at 6:30 p.m. President Lu-Yang reported in open session that no reportable action was taken. General Manager, Ken Deck, announced his retirement effective December 31, 2014.

Directors' and General Manager's Comments

None.

Future Agenda Items

None.

Late Business

None

Next Regular Board Meeting

August 12, 2014, 6:00 p.m.

Next Special Board Meeting

August 19, 2014, 5:00 p.m.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned **at 7:05 p.m.**

SZU PEI LU-YANG
Board President

Attest: _____
KEN DECK
Board Secretary

Tab

1.3

Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
07/14	07/03/2014	18344		Void Check		.00
Total :						.00
11514						
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	PM-22 CONNECTION	402,062.50
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,322.62
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	1,642.66
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	992.23
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	6,490.47
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	MWD LRP CREDIT	9,920.00-
07/14	07/18/2014	11514	62558	PUENTE BASIN WATER AGENCY	ADJUSTMENT FOR LA HABRA PRODUCTION (FEB-	1,036.88
Total 11514:						403,627.36
18321						
07/14	07/03/2014	18321	62121	ANDREW J ANTUNEZ	TOTAL EXPENSES-SCHOOL SPRING 2014	188.00
Total 18321:						188.00
18322						
07/14	07/03/2014	18322	1165	ANTIMITE TERMITE & PEST	STINGING INSECT TREATMENT	125.00
Total 18322:						125.00
18323						
07/14	07/03/2014	18323	62534	CINTAS DOCUMENT MANAGEMENT	SHREDDING SERVICE	40.80
Total 18323:						40.80
18324						
07/14	07/03/2014	18324	1900	CLINICAL LAB OF S B	WATER SAMPLES	1,380.00
Total 18324:						1,380.00
18325						
07/14	07/03/2014	18325	62439	CVSTRATEGIES	COMMUNICATION SERVICES	6,606.29
Total 18325:						6,606.29
18326						
07/14	07/03/2014	18326	29	DANIEL WARREN	REIMBURSABLE EXPENSE-WORK BOOTS,INSOLE	125.58
Total 18326:						125.58
18327						
07/14	07/03/2014	18327	32	DAVID A MILLER	TOTAL EXPENSES-WORK BOOTS	212.67
Total 18327:						212.67
18328						
07/14	07/03/2014	18328	24701	GRAINGER	DIMMING BALLAST	327.40

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18328:						327.40
18329						
07/14	07/03/2014	18329	379	HIGHROAD INFORMATION TECHNOL	DELL SONICWALL GLOBAL VPN CLIENT LICENSE	100.00
07/14	07/03/2014	18329	379	HIGHROAD INFORMATION TECHNOL	APC UPS AC 120 V 450 WATT 750 VA USB 10 OUTP	190.00
07/14	07/03/2014	18329	379	HIGHROAD INFORMATION TECHNOL	KIOSK LOCKING SOFTWARE TO LOCK THE SCRE	75.00
07/14	07/03/2014	18329	379	HIGHROAD INFORMATION TECHNOL	MONITORING FOR KIOSK PC 1 YEAR PRE-PAYME	1,200.00
07/14	07/03/2014	18329	379	HIGHROAD INFORMATION TECHNOL	TAX	17.10
Total 18329:						1,582.10
18330						
07/14	07/03/2014	18330	244	INFOSEND INC	BILLING SERVICE	3,842.68
Total 18330:						3,842.68
18331						
07/14	07/03/2014	18331	27	JOHN T JACOBSEN	REIMBURSEMENT-WORK BOOTS (2 PAIRS)	119.80
Total 18331:						119.80
18332						
07/14	07/03/2014	18332	3625	MAINTENANCE SHACK INC	TRUCK #20	37.02
Total 18332:						37.02
18333						
07/14	07/03/2014	18333	28	MARCOS ASPEITIA IV	MILEAGE REIMBURSEMENT-AFTER HRS	20.16
Total 18333:						20.16
18334						
07/14	07/03/2014	18334	62327	MATHIS CONSULTING GROUP	CONSULTING SERVICES	562.50
Total 18334:						562.50
18335						
07/14	07/03/2014	18335	62448	PARS	GASBY 45 MANAGEMENT FEE	300.00
Total 18335:						300.00
18336						
07/14	07/03/2014	18336	62447	REEB GOVERNMENT RELATIONS LLC	LOBBYIST	1,500.00
Total 18336:						1,500.00
18337						
07/14	07/03/2014	18337	62062	ROBERT LEAMY	MILEAGE REIMBURSEMENT-AFTER HRS	20.16
07/14	07/03/2014	18337	62062	ROBERT LEAMY	TOTAL EXPENSES-WORK BOOTS	369.47
Total 18337:						389.63
18338						
07/14	07/03/2014	18338	36	ROSEMARIE PEREA	MILEAGE REIMBURSEMENT	11.30
07/14	07/03/2014	18338	36	ROSEMARIE PEREA	TOTAL EXPENSES-CUEMA CONFERENCE	1,797.86
07/14	07/03/2014	18338	36	ROSEMARIE PEREA	NON REIMBURSABLE EXPENSES-CUEMA CONF	722.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18338:						1,086.66
18339						
07/14	07/03/2014	18339	339	S C W U A	ANNUAL RENEWALS- 8 MEMBERS	200.00
Total 18339:						200.00
18340						
07/14	07/03/2014	18340	35	TERESA M RYAN	MILEAGE REIMBURSEMENT-COMMUNITY EMERG	38.51
Total 18340:						38.51
18341						
07/14	07/03/2014	18341	62521	TRIEPEI SMITH & ASSOCIATES	MONTHLY WEBSITE MAINTENANCE AND SUPPOR	300.00
Total 18341:						300.00
18342						
07/14	07/03/2014	18342	62501	TW TELECOM	INTERNET & DATA	1,460.61
Total 18342:						1,460.61
18343						
07/14	07/03/2014	18343	323	UPS	POSTAGE	18.32
Total 18343:						18.32
18345						
07/14	07/03/2014	18345	2550	VERIZON CALIFORNIA	PHONE SERVICE	538.18
Total 18345:						538.18
18346						
07/14	07/03/2014	18346	62537	URBAN FUTURES INC	CONTINUING DISCLOSURE FEES	2,000.00
Total 18346:						2,000.00
18347						
07/14	07/08/2014	18347	3375	ANTHONY LIMA	MILEAGE REIMBURSEMENT	22.29
Total 18347:						22.29
18348						
07/14	07/08/2014	18348	62233	JOHN BELLAH	REIMBURSABLE EXPENSE-CAR RENTAL (ACWA S	216.66
Total 18348:						216.66
18349						
07/14	07/08/2014	18349	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	44.78
Total 18349:						44.78
18352						
07/14	07/10/2014	18352	1000	ACWA/JPIA	EMPLOYEE MEDICAL BENEFITS	38,778.37
07/14	07/10/2014	18352	1000	ACWA/JPIA	EMPLOYEE VISION BENEFITS	614.22
07/14	07/10/2014	18352	1000	ACWA/JPIA	EMPLOYEE ASSISTANCE PROGRAM	63.25

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
07/14	07/10/2014	18352	1000	ACWA/JPIA	DIRECTORS HEALTH BENEFITS	6,616.66
07/14	07/10/2014	18352	1000	ACWA/JPIA	RETIREEES HEALTH BENEFITS	8,286.68
Total 18352:						54,359.18
18353						
07/14	07/10/2014	18353	4600	AIRGAS USA LLC	SAFETY GLASSES	48.28
Total 18353:						48.28
18354						
07/14	07/10/2014	18354	62121	ANDREW J ANTUNEZ	TOTAL EXPENSES-BOOT ALLOWANCE	289.44
Total 18354:						289.44
18355						
07/14	07/10/2014	18355	3850	ATHENS SERVICES (MODERN SVC)	TRASH SERVICE	218.19
Total 18355:						218.19
18356						
07/14	07/10/2014	18356	62440	BNY MELLON N.A.	MANAGEMENT FEE	3,162.23
Total 18356:						3,162.23
18357						
07/14	07/10/2014	18357	62524	BRITTNIE VAN DE CAR	MILEAGE REIMBURSEMENT	17.92
Total 18357:						17.92
18358						
07/14	07/10/2014	18358	1079	CA-NV SECTION AWWA	WATER EDUCATION SEMINAR-7 EMPLOYEES	800.00
Total 18358:						800.00
18359						
07/14	07/10/2014	18359	403	CASELLE INC	ANNUAL CONFERENCE-SEAN HENRY	460.00
07/14	07/10/2014	18359	403	CASELLE INC	ANNUAL CONFERENCE-JOSH CLARK	425.00
Total 18359:						885.00
18360						
07/14	07/10/2014	18360	6966	CINTAS CORPORATION LOC 693	UNIFORM RENTAL	2,254.50
Total 18360:						2,254.50
18361						
07/14	07/10/2014	18361	62147	DAS MANUFACTURING INCORPORAT	CURB MARKERS	219.60
Total 18361:						219.60
18362						
07/14	07/10/2014	18362	62351	ELITE EQUIPMENT INC.	VALVE MACHINE	452.95
Total 18362:						452.95

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
18363						
07/14	07/10/2014	18363	62433	EMPLOYEE RELATIONS INC	BACKGROUND VERIFICATION	143.75
Total 18363:						143.75
18364						
07/14	07/10/2014	18364	24701	GRAINGER	DIMMING BALLASTS	962.31
Total 18364:						962.31
18365						
07/14	07/10/2014	18365	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	297.80
07/14	07/10/2014	18365	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	210.84
07/14	07/10/2014	18365	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	260.99
07/14	07/10/2014	18365	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	683.13
Total 18365:						1,452.76
18366						
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	PROPOSAL ID: B1-1405-053	702.59
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	PROPOSAL ID: B1-1405-053	1,410.87
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	TAX	190.21
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	PROPOSAL ID: B1-1405-053	134.46
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	TAX	12.10
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	PROPOSAL ID: B1-1405-053	587.70
07/14	07/10/2014	18366	62259	HYDRO-SCAPE PRODUCTS, INC	TAX	42.32
Total 18366:						3,080.25
18367						
07/14	07/10/2014	18367	244	INFOSEND INC	BILLING SERVICE	1,645.61
Total 18367:						1,645.61
18368						
07/14	07/10/2014	18368	397	JANET MORNINGSTAR	LEGAL FEES	4,125.00
Total 18368:						4,125.00
18369						
07/14	07/10/2014	18369	62531	KEN GRODY FORD	MAINTENANCE TRUCK 14	1,925.54
07/14	07/10/2014	18369	62531	KEN GRODY FORD	MAINTENANCE TRUCK 8	39.61
Total 18369:						1,965.15
18370						
07/14	07/10/2014	18370	62583	LINCOLN FINANCIAL GROUP	LIFE INSURANCE	256.95
07/14	07/10/2014	18370	62583	LINCOLN FINANCIAL GROUP	SHORT/LONG TERM DISABILITY	987.93
Total 18370:						1,244.88
18371						
07/14	07/10/2014	18371	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	95.93
Total 18371:						95.93

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
18372						
07/14	07/10/2014	18372	62574	MYSTIC LAMINATING	TROPHY CASE-DEPOSIT 50%	745.00
Total 18372:						745.00
18373						
07/14	07/10/2014	18373	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEE	508.75
07/14	07/10/2014	18373	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR WATER USAGE	12.58
Total 18373:						521.33
18374						
07/14	07/10/2014	18374	62122	RAYMOND P ALGORRI	TOTAL EXPENSES-BOOT ALLOWANCE	130.79
Total 18374:						130.79
18375						
07/14	07/10/2014	18375	62562	RMC WATER AND ENVIRONMENT	PHASE 2 GRADE SEPARATION	26,329.38
07/14	07/10/2014	18375	62562	RMC WATER AND ENVIRONMENT	RWD POTABLE WATER ON-CALL SERVICES	1,804.50
07/14	07/10/2014	18375	62562	RMC WATER AND ENVIRONMENT	RWD RECYCLED WATER ON-CALL SERVICES	1,568.50
Total 18375:						29,702.38
18376						
07/14	07/10/2014	18376	62502	S & J SUPPLY COMPANY, INC	HE68 6" X 6" CI HYD EXT CL BO 8H	451.62
07/14	07/10/2014	18376	62502	S & J SUPPLY COMPANY, INC	HE68 6" X 8" CI HYD EXT BO 8H	486.06
07/14	07/10/2014	18376	62502	S & J SUPPLY COMPANY, INC	HE126 6" X 12" CI HYD CL BO 6H	694.44
07/14	07/10/2014	18376	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	417.48
Total 18376:						2,049.60
18377						
07/14	07/10/2014	18377	215	SOUTH COAST AQMD	EMISSIONS FEES	119.76
07/14	07/10/2014	18377	215	SOUTH COAST AQMD	ANNUAL OPERATING FEES	663.62
Total 18377:						783.38
18378						
07/14	07/10/2014	18378	6500	THERMALAIR INC	CHECK SMOKE DETECTOR	290.00
07/14	07/10/2014	18378	6500	THERMALAIR INC	LEAK CHECK & REPAIR AC UNIT	1,263.86
Total 18378:						1,553.86
18379						
07/14	07/10/2014	18379	205	WARREN GRAPHICS	CCR POSTCARD	2,008.80
Total 18379:						2,008.80
18380						
07/14	07/10/2014	18380	356	XC2 SOFTWARE LLC	3 YEAR TECHNICAL SUPPORT/MAINTENANCE/UP	4,950.00
Total 18380:						4,950.00
18381						
07/14	07/10/2014	18381	62568	XCEPTIONAL NETWORKS, INC	MONTHLY AGREEMENT (UP TO 30 PHONES)	148.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18381:						148.00
18385						
07/14	07/18/2014	18385	1165	ANTIMITE TERMITE & PEST	MONTHLY PEST CONTROL SERVICE	105.00
Total 18385:						105.00
18386						
07/14	07/18/2014	18386	62576	ARCADIA RECLAMATION INC	HAULING DIRT	85.00
Total 18386:						85.00
18387						
07/14	07/18/2014	18387	1600	B & K ELECTRIC WHOLESale	SUPPLIES FOR RC	160.23
Total 18387:						160.23
18388						
07/14	07/18/2014	18388	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,176.00
Total 18388:						1,176.00
18389						
07/14	07/18/2014	18389	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	14,121.24
Total 18389:						14,121.24
18390						
07/14	07/18/2014	18390	62548	CORPORATE BUSINESS INTERIORS	PRIVACY AREA WORKSTATION	833.86
Total 18390:						833.86
18391						
07/14	07/18/2014	18391	1270	DATA QUICK INFORMATION SYSINC	PROPERTY DATA INFO	100.00
Total 18391:						100.00
18392						
07/14	07/18/2014	18392	62351	ELITE EQUIPMENT INC.	REPAIR ORDER-CHAINSAW	128.80
Total 18392:						128.80
18393						
07/14	07/18/2014	18393	244	INFOSEND INC	INSERTS-DROUGHT BILL STUFFER	274.75
07/14	07/18/2014	18393	244	INFOSEND INC	BILLING SERVICE	2,133.40
Total 18393:						2,408.15
18394						
07/14	07/18/2014	18394	2120	J W D'ANGELO CO	TOOLS & SUPPLIES	74.67
Total 18394:						74.67
18395						
07/14	07/18/2014	18395	3105	JACK'S LOCK & KEY	SERVICE & ADJUST LOCK-INDUSTRY RECYCLED	100.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18395:						100.00
18396						
07/14	07/18/2014	18396	3625	MAINTENANCE SHACK INC	TOOL & SUPPLIES	11.30
Total 18396:						11.30
18397						
07/14	07/18/2014	18397	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	181.44
07/14	07/18/2014	18397	257	MCMASTER-CARR SUPPLY CO	SUPPLIES FOR RES	206.37
07/14	07/18/2014	18397	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	41.61
Total 18397:						429.42
18398						
07/14	07/18/2014	18398	189	NOBEL SYSTEMS	GEOVIEWER MOBILE IPAD APP UNLIMITED LICEN	19,920.00
Total 18398:						19,920.00
18399						
07/14	07/18/2014	18399	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR GROUNDWATER PRODUCTIO	317.58
07/14	07/18/2014	18399	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL FEES	3,363.33
Total 18399:						3,680.91
18400						
07/14	07/18/2014	18400	5100	PUENTE READY MIX INC	WASH CONCRETE SAND	751.33
Total 18400:						751.33
18401						
07/14	07/18/2014	18401	9358	SAN GABRIEL VALLEY WATER ASSO	RESERVATIONS (2)	50.00
Total 18401:						50.00
18402						
07/14	07/18/2014	18402	62166	SO CAL GAS CO	GAS UTILITY BILL-2505 ARTIGAS	54.95
Total 18402:						54.95
18403						
07/14	07/18/2014	18403	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	27,014.36
07/14	07/18/2014	18403	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	3,001.60
Total 18403:						30,015.96
18404						
07/14	07/18/2014	18404	3550	SOUTHERN COUNTIES FUELS	DIESEL CLEAR	1,360.25
Total 18404:						1,360.25
18405						
07/14	07/18/2014	18405	6500	THERMALAIR INC	CHEMICALLY CLEANING OF CONDENSERS TO AL	1,340.00
Total 18405:						1,340.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
18406						
07/14	07/18/2014	18406	7700	WALNUT VALLEY WATER DISTRICT	RECLAIMED WATER	1,611.18
Total 18406:						1,611.18
18407						
07/14	07/18/2014	18407	205	WARREN GRAPHICS	CCR (ORAGAMI FOLD)	2,542.32
07/14	07/18/2014	18407	205	WARREN GRAPHICS	48 HOUR NOTICE (PINK)	464.40
07/14	07/18/2014	18407	205	WARREN GRAPHICS	ENVELOPES-REG & WINDOW	320.76
Total 18407:						3,327.48
18408						
07/14	07/18/2014	18408	62568	XCEPTIONAL NETWORKS, INC	MONTHLY AGREEMENT (UP TO 30 PHONES)	300.00
Total 18408:						300.00
18409						
07/14	07/21/2014	18409	4750	PWR JT WATER LINE COMMISSION	611 AC FT-MAY 2014 WATER	534,625.00
07/14	07/21/2014	18409	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	8,473.97
07/14	07/21/2014	18409	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,066.91
07/14	07/21/2014	18409	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	2,544.60
Total 18409:						546,710.48
18410						
07/14	07/24/2014	18410	1050	ACWA JOINT POWERS INSURANCE A	WORKERS' COMP QUARTERLY PREMIUM	14,936.00
Total 18410:						14,936.00
18411						
07/14	07/24/2014	18411	4600	AIRGAS USA LLC	TANK RENTAL	63.61
Total 18411:						63.61
18412						
07/14	07/24/2014	18412	400	AT&T MOBILITY	MOBILE PHONES, IPADS	2,118.62
Total 18412:						2,118.62
18413						
07/14	07/24/2014	18413	1600	B & K ELECTRIC WHOLESALE	TOOLS & SUPPLIES	32.59
Total 18413:						32.59
18414						
07/14	07/24/2014	18414	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	48.39
07/14	07/24/2014	18414	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	584.53
07/14	07/24/2014	18414	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	16.99
07/14	07/24/2014	18414	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	310.11
07/14	07/24/2014	18414	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	98.00
07/14	07/24/2014	18414	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	1,921.50
Total 18414:						2,979.52
18415						
07/14	07/24/2014	18415	62071	CALIFORNIA LIVING INC	INTERIOR PLANT MAINTENANCE	430.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18415:						430.00
18416						
07/14	07/24/2014	18416	62534	CINTAS DOCUMENT MANAGEMENT	SHREDDING SERVICE	40.00
Total 18416:						40.00
18417						
07/14	07/24/2014	18417	371	CIVILTEC ENGINEERING INC	ENGINEERING-NOGALES ST	180.00
Total 18417:						180.00
18418						
07/14	07/24/2014	18418	62047	COUNTY OF LOS ANGELES	LAFCO OPERATING EXPENSES	6,124.92
Total 18418:						6,124.92
18419						
07/14	07/24/2014	18419	62553	CSTA	MEMBERSHIP-BRITTNIE VAL DE CAR	50.00
Total 18419:						50.00
18420						
07/14	07/24/2014	18420	62104	E.H. WACHS COMPANY	VALVE MACHINE	177.10
Total 18420:						177.10
18421						
07/14	07/24/2014	18421	2300	FEDERAL EXPRESS	POSTAGE	26.33
Total 18421:						26.33
18422						
07/14	07/24/2014	18422	330	FUEL PRO INC	D/O INSPECTION	170.00
Total 18422:						170.00
18423						
07/14	07/24/2014	18423	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	2,557.00
07/14	07/24/2014	18423	379	HIGHROAD INFORMATION TECHNOL	MANAGED SERVICES	4,416.67
Total 18423:						6,973.67
18424						
07/14	07/24/2014	18424	62435	INDUSTRY PUBLIC UTILITY COMMISS	PUMPING POWER-PUMPSTATION 2A	8,308.53
Total 18424:						8,308.53
18425						
07/14	07/24/2014	18425	62226	INLAND DESERT SECURITY &	ANSWERING SERVICE	300.20
Total 18425:						300.20
18426						
07/14	07/24/2014	18426	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	600.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18426:						600.00
18427						
07/14	07/24/2014	18427	62586	JD PRINTING & MAILING	MAILING SERVICE	1,012.92
Total 18427:						1,012.92
18428						
07/14	07/24/2014	18428	62327	MATHIS CONSULTING GROUP	CONSULTING SERVICES	1,160.06
Total 18428:						1,160.06
18429						
07/14	07/24/2014	18429	62476	NETWORKFLEET INC	MONTHLY SERVICE	399.20
Total 18429:						399.20
18430						
07/14	07/24/2014	18430	189	NOBEL SYSTEMS	CITYWORKS INTEGRATION TO GEOVIEWER MOBI	12,000.00
07/14	07/24/2014	18430	189	NOBEL SYSTEMS	ENHANCMENT OF OVERTIME REPORTS	3,600.00
Total 18430:						15,600.00
18431						
07/14	07/24/2014	18431	62377	OREILLY AUTOMOTIVE STORES INC	AUTO SUPPLIES	80.59
Total 18431:						80.59
18432						
07/14	07/24/2014	18432	4500	PETTY CASH	MISC EXPENSE	189.27
Total 18432:						189.27
18433						
07/14	07/24/2014	18433	62243	POLLARDWATER.COM EAST	LPD D-CHLOR PAIL	198.51
Total 18433:						198.51
18434						
07/14	07/24/2014	18434	62125	PREMIER ACCESS	EMPLOYEES' DENTAL BENEFITS	2,906.79
07/14	07/24/2014	18434	62125	PREMIER ACCESS	RETIREEES' DENTAL BENEFITS	496.53
07/14	07/24/2014	18434	62125	PREMIER ACCESS	DIRECTORS DENTAL BENEFITS	541.90
Total 18434:						3,945.22
18435						
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR CONSULTING FEE	993.91
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROJECT PB13-0003 LABOR	157,989.39
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR CONSULTING FEES FOR SIX B	3,925.38
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEE	275.00
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR BANK FEES	66.96
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROJECT PB13-0003 MATERIA	3,466.20
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROJECT PB13-0003 SUPPLIE	1,375.00
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL FEES	3,661.25
07/14	07/24/2014	18435	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR CONSULTING FEES FOR SIX B	8,259.67

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18435:						180,012.76
18436						
07/14	07/24/2014	18436	339	S C W U A	RESERVATION (5)	125.00
Total 18436:						125.00
18437						
07/14	07/24/2014	18437	62249	SECURE SITE SOLUTIONS INC	SYSTEM MAINTENANCE	1,989.00
Total 18437:						1,989.00
18438						
07/14	07/24/2014	18438	215	SOUTH COAST AQMD	ANNUAL OPERATING FEE-2501 ARTIGAS	331.81
07/14	07/24/2014	18438	215	SOUTH COAST AQMD	EMISSIONS FEES-2501 ARTIGAS	119.76
Total 18438:						451.57
18439						
07/14	07/24/2014	18439	143	ST JOSEPH HERITAGE HEALTHCARE	PHYSICAL EXAM-N DE LA CRUZ	55.00
Total 18439:						55.00
18440						
07/14	07/24/2014	18440	6075	STAPLES CREDIT PLAN	OFFICE SUPPLIES	121.05
Total 18440:						121.05
18441						
07/14	07/24/2014	18441	6300	STATE OF CALIFORNIA-EDD	UNEMPLOYMENT INSURANCE	820.50
Total 18441:						820.50
18442						
07/14	07/24/2014	18442	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	145.50
Total 18442:						145.50
18443						
07/14	07/24/2014	18443	62154	UNITED BROTHERS MOTOR GROUP I	MAINTENANCE TRUCK 18	92.48
Total 18443:						92.48
18444						
07/14	07/24/2014	18444	2550	VERIZON CALIFORNIA	PHONE SERVICE	542.68
Total 18444:						542.68
18445						
07/14	07/24/2014	18445	62084	WESTIN ENGINEERING INC	ENGINEERING-CMMS IMPLEMENTATION	16,730.00
Total 18445:						16,730.00
18446						
07/14	07/24/2014	18446	2180	CDPH-OCP/DEPARTMENT OF PUBLIC	T2 RENEWAL-DUSTY MOISIO	60.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 18446:						60.00
18447						
07/14	07/24/2014	18447	2180	CDPH-OCP/DEPARTMENT OF PUBLIC	D5 RENEWAL-DUSTY MOISIO	105.00
Total 18447:						105.00
18448						
07/14	07/29/2014	18448	62584	1ST ENTERPRISE BANK	Progress Retention Payment 3	13,818.53
Total 18448:						13,818.53
18449						
07/14	07/29/2014	18449	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,448.75
Total 18449:						2,448.75
18450						
07/14	07/29/2014	18450	2075	CROCKER SIGNS & SCREEN PRINTIN	CUSTOM SIGN (TRUCKS)	25.76
07/14	07/29/2014	18450	2075	CROCKER SIGNS & SCREEN PRINTIN	CUSTOM LOGO DECAL (KIOSK)	187.00
07/14	07/29/2014	18450	2075	CROCKER SIGNS & SCREEN PRINTIN	TAX	19.15
Total 18450:						231.91
18451						
07/14	07/29/2014	18451	24701	GRAINGER	SUPPLIES FOR TELEMETRY	114.04
07/14	07/29/2014	18451	24701	GRAINGER	CREDIT MEMO	103.56-
Total 18451:						10.48
18452						
07/14	07/29/2014	18452	348	HDR ENGINEERING INC	MISC ENGINEERING-ON GOING RC WATER SUPP	9,776.81
Total 18452:						9,776.81
18453						
07/14	07/29/2014	18453	379	HIGHROAD INFORMATION TECHNOL	HP ELITE DESK 800 GI	999.00
07/14	07/29/2014	18453	379	HIGHROAD INFORMATION TECHNOL	VIEWSONIC LED 22" MONITOR	215.00
07/14	07/29/2014	18453	379	HIGHROAD INFORMATION TECHNOL	LOGITEC WIRELESS KEYBOARD & MOUSE COMB	45.00
07/14	07/29/2014	18453	379	HIGHROAD INFORMATION TECHNOL	HP DVI CABLE-DISPLAY PORT	30.00
07/14	07/29/2014	18453	379	HIGHROAD INFORMATION TECHNOL	DVI D SINGLE LINK LCD FLAT PANEL MONITOR CA	30.00
07/14	07/29/2014	18453	379	HIGHROAD INFORMATION TECHNOL	TAX	118.71
Total 18453:						1,437.71
18454						
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	SS BALL VALVE .5" 800WOG THREADED	216.00
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	SS NIPPLE .5" X 2" SCH40 WELDED	18.00
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	T CHRISTY PRESSURE GAUGE 0-15PSI 1/4 "NPT"	36.80
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	CHRISTY PRIMER QT PURPLE LOW VOC	59.40
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	ID TAG PTABLE WATER BLUE ENG/SPAN	112.25
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	TAX	39.82
07/14	07/29/2014	18454	62259	HYDRO-SCAPE PRODUCTS, INC	INVOICE CORRECTION	100.28-
Total 18454:						381.99

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
18455						
07/14	07/29/2014	18455	3300	LAGERLOF SENECA ET AL	ATTORNEY FEES-1/17TH	654.34
Total 18455:						654.34
18456						
07/14	07/29/2014	18456	3625	MAINTENANCE SHACK INC	LEATHER DRIVER PREMIUM GRAIN KEYSTONE T	168.00
07/14	07/29/2014	18456	3625	MAINTENANCE SHACK INC	LEATHER DRIVER PREMIUM GRAIN KEYSTONE T	84.00
07/14	07/29/2014	18456	3625	MAINTENANCE SHACK INC	TAX	22.68
Total 18456:						274.68
18457						
07/14	07/29/2014	18457	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	138.74
Total 18457:						138.74
18458						
07/14	07/29/2014	18458	62582	PACIFIC HYDROTECH CORPORATION		262,551.97
Total 18458:						262,551.97
18459						
07/14	07/29/2014	18459	62448	PARS	GASBY 45 MANAGEMENT FEE	300.00
Total 18459:						300.00
18460						
07/14	07/29/2014	18460	62447	REEB GOVERNMENT RELATIONS LLC	LOBBYIST	1,500.00
Total 18460:						1,500.00
18461						
07/14	07/29/2014	18461	143	ST JOSEPH HERITAGE HEALTHCARE	FIRST AID-DAN WARREN	160.72
Total 18461:						160.72
18462						
07/14	07/29/2014	18462	62481	STAPLES ADVANTAGE	OFFICE SUPPLIES	430.53
Total 18462:						430.53
18463						
07/14	07/29/2014	18463	6615	TOP NOTCH TREE SERVICE	TRIM & THIN FRONT AND SIDE LOT AT ARTIGAS B	3,500.00
Total 18463:						3,500.00
18464						
07/14	07/29/2014	18464	62501	TW TELECOM	INTERNET & DATA	1,460.61
Total 18464:						1,460.61
18465						
07/14	07/29/2014	18465	323	UPS	POSTAGE	6.71
Total 18465:						6.71

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount	
18466	07/14	07/29/2014	18466	3703	VISION COMMUNICATIONS	SERVICE ON REMOTE BASE	460.00
Total 18466:						460.00	
Grand Totals:						1,742,677.16	

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11505-0	331,429.88	.00	331,429.88
222100	10,846.34	1,753,523.50-	1,742,677.16-
22210-0	.00	.00	.00
51310-0	937,724.38	9,920.00-	927,804.38
51410-0	317.58	.00	317.58
51410-1	3,536.83	.00	3,536.83
51410-2	2,389.53	.00	2,389.53
51410-3	1,642.66	.00	1,642.66
51410-5	14,964.44	.00	14,964.44
51510-0	15,732.42	.00	15,732.42
51610-0	12.58	.00	12.58
51910-0	20,270.50	.00	20,270.50
52210-0	210.84	.00	210.84
52310-0	35,322.89	.00	35,322.89
54209-0	160.23	.00	160.23
54210-0	1,142.58	.00	1,142.58
54211-0	1,927.23	.00	1,927.23
54213-0	4,215.50	100.28-	4,115.22
54215-0	1,632.12	.00	1,632.12
54216-0	114.04	103.56-	10.48
54218-0	100.00	.00	100.00
54219-0	162,830.59	.00	162,830.59
56210-0	3,850.28	.00	3,850.28
56211-0	5,762.23	.00	5,762.23
56214-0	1,483.44	.00	1,483.44
56215-0	250.00	.00	250.00
56216-0	2,081.35	.00	2,081.35
56217-0	175.12	.00	175.12
56218-0	7,125.00	.00	7,125.00
56218-1	1,438.09	.00	1,438.09
56219-0	6,555.02	.00	6,555.02
56220-0	33,134.70	.00	33,134.70
56221-0	11,432.16	.00	11,432.16
56223-0	4,821.02	722.50-	4,098.52
56311-0	14,936.00	.00	14,936.00
56312-0	15,694.09	.00	15,694.09
56320-0	2,933.95	.00	2,933.95
56411-0	38,778.37	.00	38,778.37
56413-0	2,906.79	.00	2,906.79
56414-0	820.50	.00	820.50
56415-0	614.22	.00	614.22
56416-0	256.95	.00	256.95
56417-0	8,783.21	.00	8,783.21
56418-0	987.93	.00	987.93

GL Account	Debit	Credit	Proof
56419-0	63.25	.00	63.25
56421-0	7,158.56	.00	7,158.56
56510-0	7,359.87	.00	7,359.87
56710-0	822.46	.00	822.46
56812-0	3,126.02	.00	3,126.02
57310-0	3,780.00	.00	3,780.00
57312-0	3,547.98	.00	3,547.98
57314-0	4,904.56	.00	4,904.56
57315-0	3,828.75	.00	3,828.75
57316-0	13,149.81	.00	13,149.81
57320-0	165.00	.00	165.00
57321-0	5,120.00	.00	5,120.00
Grand Totals:	1,764,369.84	1,764,369.84-	.00

Report Criteria:
 Report type: GL detail

Report Criteria:
 Detail Report

Check Number	Date	Payee				
18467	07/29/2014	YITAO WU C/O XIAOSI WU				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	509051-81	CREDIT REFUND-1954 CAMBERLEY LANE	15210-0	53.06	53.06
18468	07/29/2014	KELLY NG				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	468515-11	CREDIT REFUND-2771 SOMERSET PL	15210-0	66.54	66.54
18469	07/29/2014	TUXIN LI				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	135468-44	CREDIT REFUND-18150 CANTERBURY CT	15210-0	36.15	36.15
18470	07/29/2014	LA REAL ESTATE NETWORK				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	603817-95	CREDIT REFUND-1814 DOVERGLEN WAY	15210-0	24.24	24.24
Grand Totals:						179.99

Tab

1.4



Rowland Water District Memorandum

To: Kenneth Deck, General Manager

From: Sean S. Henry, Finance Officer

CC:

Date: August 1, 2014

Subject: Investment Update – July 2014

Economic Review: The next meeting of the Federal Reserve is scheduled for September 16th. The last meeting was held on July 29th. The Fed Funds rate remains at a target range of 0 to ¼ percent. At the meeting, the Federal Reserve stated “Labor market conditions improved, with the unemployment rate declining further. However, a range of labor market indicators suggests that there remains significant underutilization of labor resources. Household spending appears to be rising moderately and business fixed investment is advancing, while the recovery in the housing sector remains slow. Fiscal policy is restraining economic growth, although the extent of restraint is diminishing. Inflation has moved somewhat closer to the Committee’s longer-run objective. Longer-term inflation expectations have remained stable.” The latest reading of the Consumer Price Index (CPI) for Los Angeles, Riverside and Orange Counties was 1.9 for the month of June. The previous reading was 1.8 in May.

LAIF Update: LAIF ended the month of June with a yield of 0.23%. This represents no change from the month of May. A comparison with last year shows LAIF .01 basis points lower than June 2013 when the yield stood at 0.24%.

RWD Investments: Rowland Water District’s bond portfolio carries an average yield of 1.38%. This represents no change from the month of June. This represents a 1.15 basis point premium to LAIF. The District had no bond purchases or maturities in the month of July. The District CD Placement program carries an effective yield of 0.46% and an average maturity of 594 days.

Rowland Water District
3021 South Fullerton Road
Rowland Heights, CA 91748
Tel (562) 697-1726

ROWLAND WATER DISTRICT
SUMMARY OF CASH AND INVESTMENTS
FOR MONTH ENDED JULY 31, 2014



CASH	
Citizens Business Bank	1,045,823.49
Comerica Bank MMIA	<u>8,747.20</u>
TOTAL CASH	1,054,570.69

COMERICA SECURITIES CD PLACEMENT	NA	1mth - 2 Years	NA	NA	NA	0.46%	594	2,176,000.00	12.35%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	NA	NA	0.23%	NA	1,968,833.92	11.17%

**BNY MELLON INVESTMENTS
(UNION BANK CUSTODIAN)**

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
Fed Natl Mtg Assn	5 Year	100,000.00	101.835	100.769	11/20/14	2.63%	NA	100,769.00	0.57%
Fed Home Loan Mtg Corp	5 Year	250,000.00	100.896	101.443	02/09/15	2.88%	NA	253,607.50	1.44%
US Treasury Note	5 Year	250,000.00	99.489	101.598	03/31/15	2.50%	NA	253,995.00	1.44%
US Treasury Note	5 Year	250,000.00	102.016	101.797	04/30/15	2.50%	NA	254,492.50	1.44%
Fedl Natl Mtg Assn	5 Year	250,000.00	102.061	102.144	07/28/15	2.38%	NA	255,360.00	1.45%
US Treasury Note	5 Year	250,000.00	100.266	103.090	03/31/16	2.25%	NA	257,725.00	1.46%
US Treasury Note	5 Year	250,000.00	101.219	101.875	07/31/16	1.50%	NA	254,687.50	1.45%
US Treasury Note	5 Year	250,000.00	101.231	100.695	10/31/16	1.00%	NA	251,737.50	1.43%
Fedl Natl Mtg Assn	5 Year	250,000.00	100.639	101.387	11/15/16	1.38%	NA	253,467.50	1.44%
US Treasury Note	5 Year	250,000.00	99.942	100.375	11/30/16	0.88%	NA	250,937.50	1.42%
Fed Natl Mtg Assn	5 Year	200,000.00	101.194	100.890	01/30/17	1.25%	NA	201,780.00	1.14%
Fed Natl Mtg Assn	5 Year	250,000.00	100.083	99.322	08/28/17	0.88%	NA	248,305.00	1.41%
US Treasury Note	5 Year	250,000.00	99.559	98.406	09/30/17	0.63%	NA	246,015.00	1.40%
Fed Natl Mtg Assn	5 Year	250,000.00	100.019	98.611	12/20/17	0.88%	NA	246,527.50	1.40%
Fed Home Loan Mtg Corp	5 Year	200,000.00	99.289	97.953	01/12/18	0.75%	NA	195,906.00	1.11%
US Treasury Note	5 Year	200,000.00	99.742	97.945	02/28/18	0.75%	NA	195,890.00	1.11%
US Treasury Note	4 Year	250,000.00	99.539	99.648	06/30/18	1.38%	NA	249,120.00	1.41%
Fed Natl Mtg Assn	5 Year	500,000.00	100.300	98.268	05/21/18	0.88%	NA	491,340.00	2.79%
US Treasury Note	5 Year	250,000.00	99.727	99.258	09/30/18	1.38%	NA	248,145.00	1.41%
US Treasury Note	5 Year	250,000.00	99.868	99.039	11/30/18	1.38%	NA	247,597.50	1.40%
US Treasury Note	5 Year	250,000.00	99.137	99.406	12/31/18	1.50%	NA	248,515.00	1.41%
US Treasury Note	5 Year	250,000.00	100.172	99.289	01/31/19	1.50%	NA	248,222.50	1.40%
US Treasury Note	5 Year	250,000.00	99.140	99.188	02/28/19	1.50%	NA	247,970.00	1.41%
US Treasury Note	5 Year	250,000.00	99.617	99.633	03/31/19	1.63%	NA	249,082.50	1.41%
US Treasury Note	5 Year	250,000.00	98.719	97.945	04/30/19	1.26%	NA	244,862.50	1.41%
Cash Reserve Account						0.01%		57,249.08	0.32%
Total BNY Mellon Investments								6,253,306.58	35.48%

**MERRILL LYNCH INVESTMENTS
(UNION BANK CUSTODIAN)**

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
Fedl Home Loan Bank	4 Year	240,000.00	100.441	100.144	09/12/14	1.38%	NA	240,345.60	1.36%
Fedl Home Loan Bank	5 Year	300,000.00	100.687	100.967	12/12/14	2.75%	NA	302,901.00	1.72%
Fedl Home Loan Bank	4 Year	245,000.00	99.270	100.395	12/12/14	1.25%	NA	245,967.75	1.40%
Fedl Natl Mtg Assn	5 Year	480,000.00	100.625	101.198	09/28/16	1.25%	NA	485,750.40	2.76%
Fedl Natl Mtg Assn	5 Year	500,000.00	100.898	101.387	11/15/16	1.38%	NA	506,935.00	2.88%
Fedl Home Loan Mtg Corp	5 Year	465,000.00	100.427	100.154	03/08/17	1.00%	NA	465,716.10	2.64%
Fedl Home Loan Mtg Corp	5 Year	250,000.00	102.124	100.624	05/12/17	1.25%	NA	251,560.00	1.43%
Fedl Home Loan Mtg Corp	5 Year	250,000.00	100.793	99.737	06/29/17	1.00%	NA	249,342.50	1.41%
Fedl Natl Mtg Assn	5 Year	485,000.00	101.342	99.322	08/28/17	0.88%	NA	481,711.70	2.73%
Fedl Natl Mtg Assn	5 Year	495,000.00	100.650	98.611	12/20/17	0.88%	NA	488,124.45	2.77%
Fedl Home Loan Mtg Corp	5 Year	495,000.00	100.066	97.953	01/12/18	0.75%	NA	484,867.35	2.75%
Fedl Natl Mtg Assn	5 Year	495,000.00	100.448	98.561	02/08/18	0.88%	NA	487,876.95	2.77%
Fedl Home Loan Mtg Corp	5 Year	495,000.00	100.392	98.320	03/07/18	0.88%	NA	486,684.00	2.76%
Fedl Natl Mtg Assn	5 Year	500,000.00	100.530	98.268	05/21/18	0.88%	NA	491,340.00	2.79%
Fedl Natl Mtg Assn	4 Year	250,000.00	98.671	98.887	09/27/18	1.27%	NA	247,217.50	1.40%
Fedl Natl Mtg Assn	5 Year	245,000.00	100.061	99.682	11/27/18	1.63%	NA	244,220.90	1.39%
ML Bank Deposit (Cash Account)						0.01%		9,615.78	0.05%
Total Merrill Lynch Investments								6,170,176.98	35.01%

TOTAL INVESTMENTS

TOTAL CASH AND INVESTMENTS	16,568,317.48	100%
Weighted Average Yield of Total Investment Portfolio:	17,622,888.17	

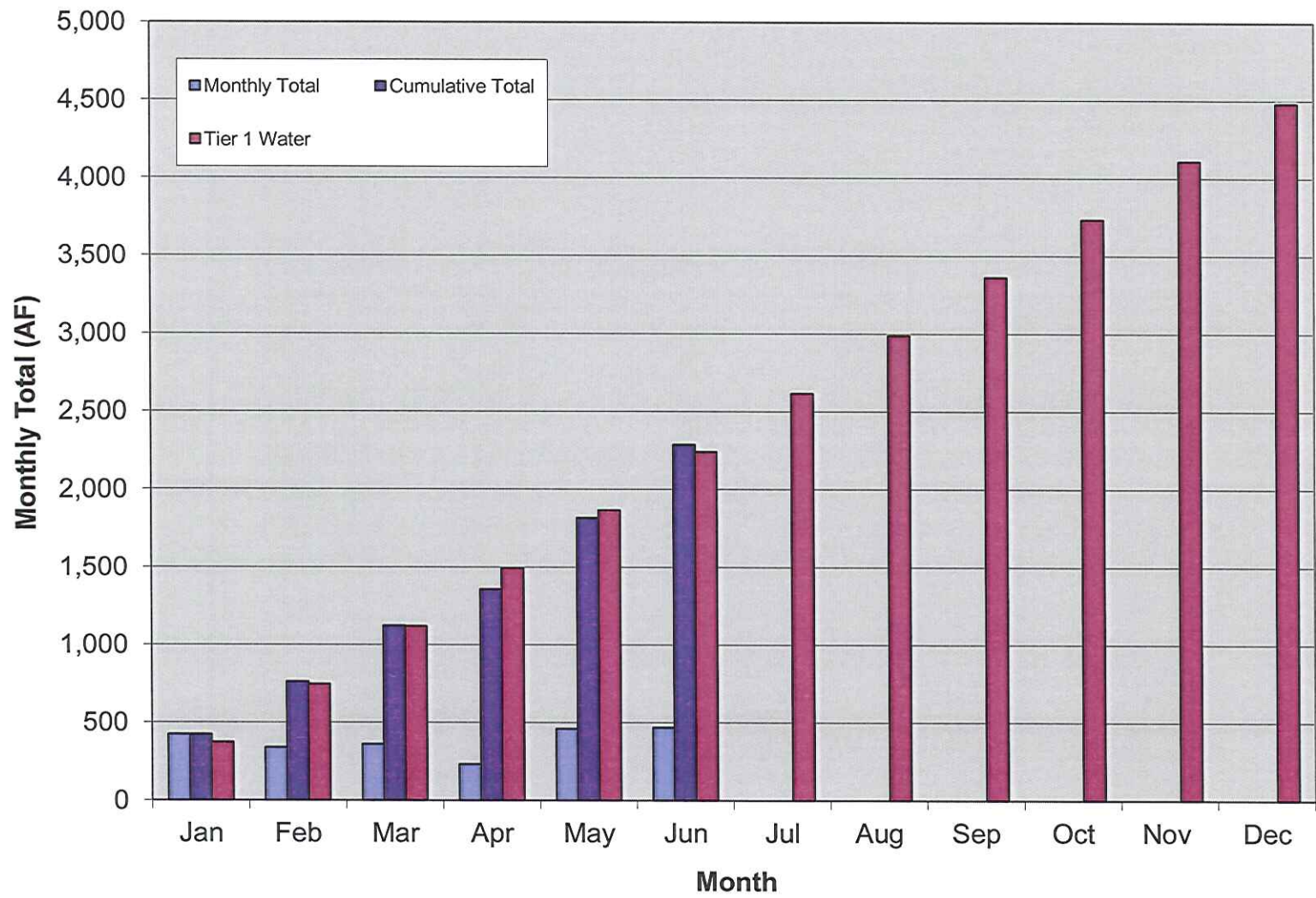
Market values determined by last business day of month values.
 All listed investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007.
 The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.
NOTE: All interest values shown above are based on annual rates of return.


 Sean S. Henry, Finance Officer

Rowland Imported Water Purchases PM-22 Tier 1 (in Acre-Feet)
Calendar Year 2014
Year to Date Invoiced as of 1/1/14

	ACTUAL			ESTIMATED		Percentage Difference
	Monthly Total	Cumulative Total	Balance in Tier 1 (4,482 AF)	Cumulative Total	Acre Foot Difference	
Jan	423.0	423.0	4,059.0	373.5	49.5	13.25%
Feb	339.3	762.3	3,719.7	747	15.3	2.05%
Mar	361.3	1,123.6	3,358.4	1120.5	3.1	0.28%
Apr	233.2	1,356.8	3,125.2	1494	-137.2	-9.18%
May	459.5	1,816.3	2,665.7	1867.5	-51.2	-2.74%
Jun	469.1	2,285.4	2,196.6	2241	44.4	1.98%
Jul				2614.5	-2614.5	-100.00%
Aug				2988	-2988	-100.00%
Sep				3361.5	-3361.5	-100.00%
Oct				3735	-3735	-100.00%
Nov				4108.5	-4108.5	-100.00%
Dec				4482	-4482	-100.00%

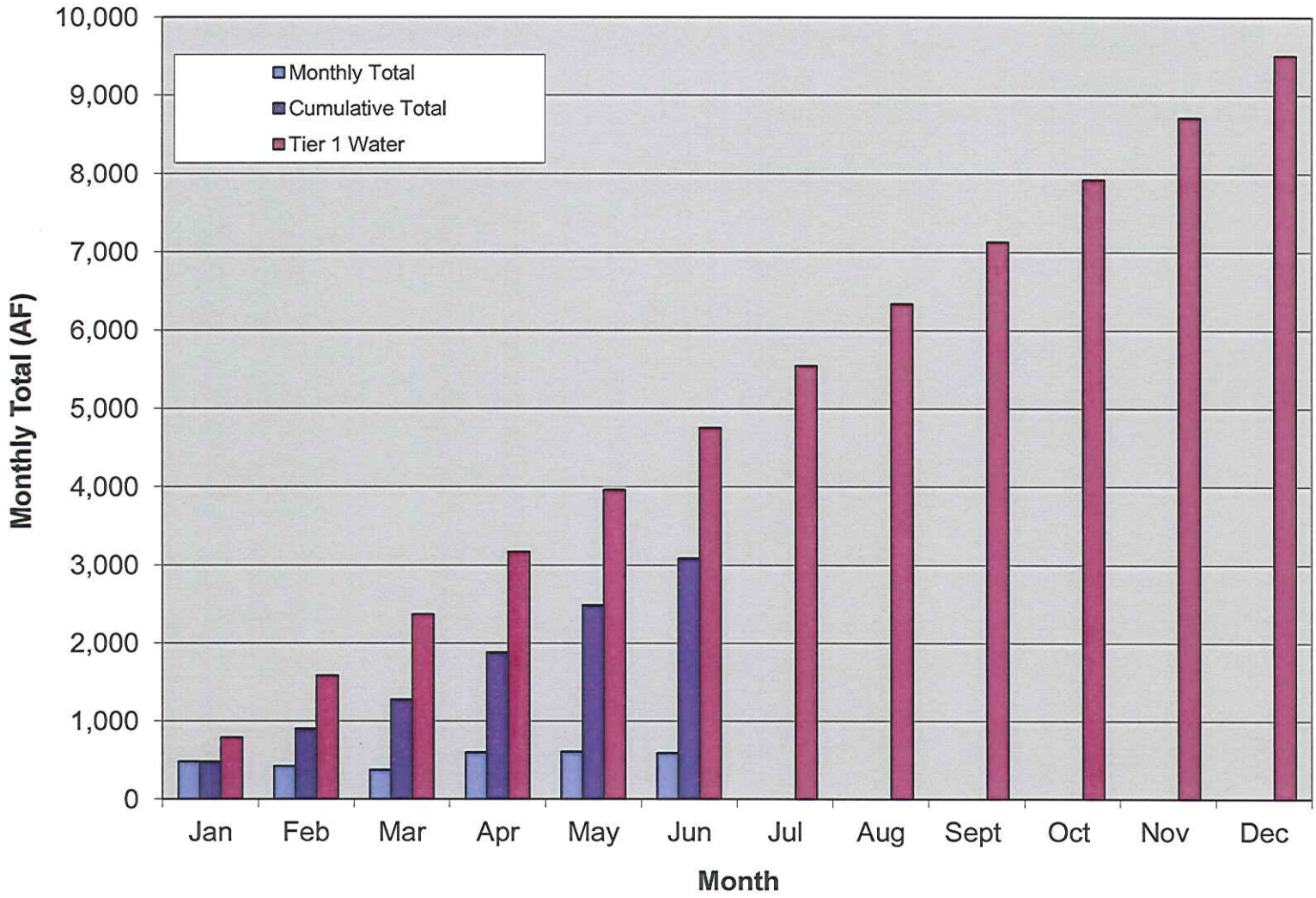
CY 2014 PM-22 Water Purchases



Rowland JWL Purchases Tier-1 (in Acre-Feet)
Calendar Year 2014
Year to Date Invoiced as of 1/1/14

	ACTUAL			ESTIMATED			Percentage Difference
	Monthly Total	Cumulative Total	Balance in Tier 1 (9,508 AF)	Cumulative Total	Acre Foot Difference		
Jan	482.6	482.6	9,025.4	792	-310	-39.09%	
Feb	422.0	904.6	8,603.4	1,585	-680	-42.92%	
Mar	375.0	1,279.6	8,228.4	2,377	-1,097	-46.17%	
Apr	600.6	1,880.2	7,627.8	3,169	-1,289	-40.68%	
May	611.1	2,491.3	7,016.7	3,962	-1,470	-37.11%	
Jun	594.0	3,085.3	6,422.7	4,754	-1,669	-35.10%	
Jul				5,546	-5,546	-100.00%	
Aug				6,339	-6,339	-100.00%	
Sept				7,131	-7,131	-100.00%	
Oct				7,923	-7,923	-100.00%	
Nov				8,716	-8,716	-100.00%	
Dec				9,508	-9,508	-100.00%	

CY 2014 Rowland JWL Purchases





COMPARATIVE PURCHASED WATER REPORT FOR THE MONTH OF JUNE 2014

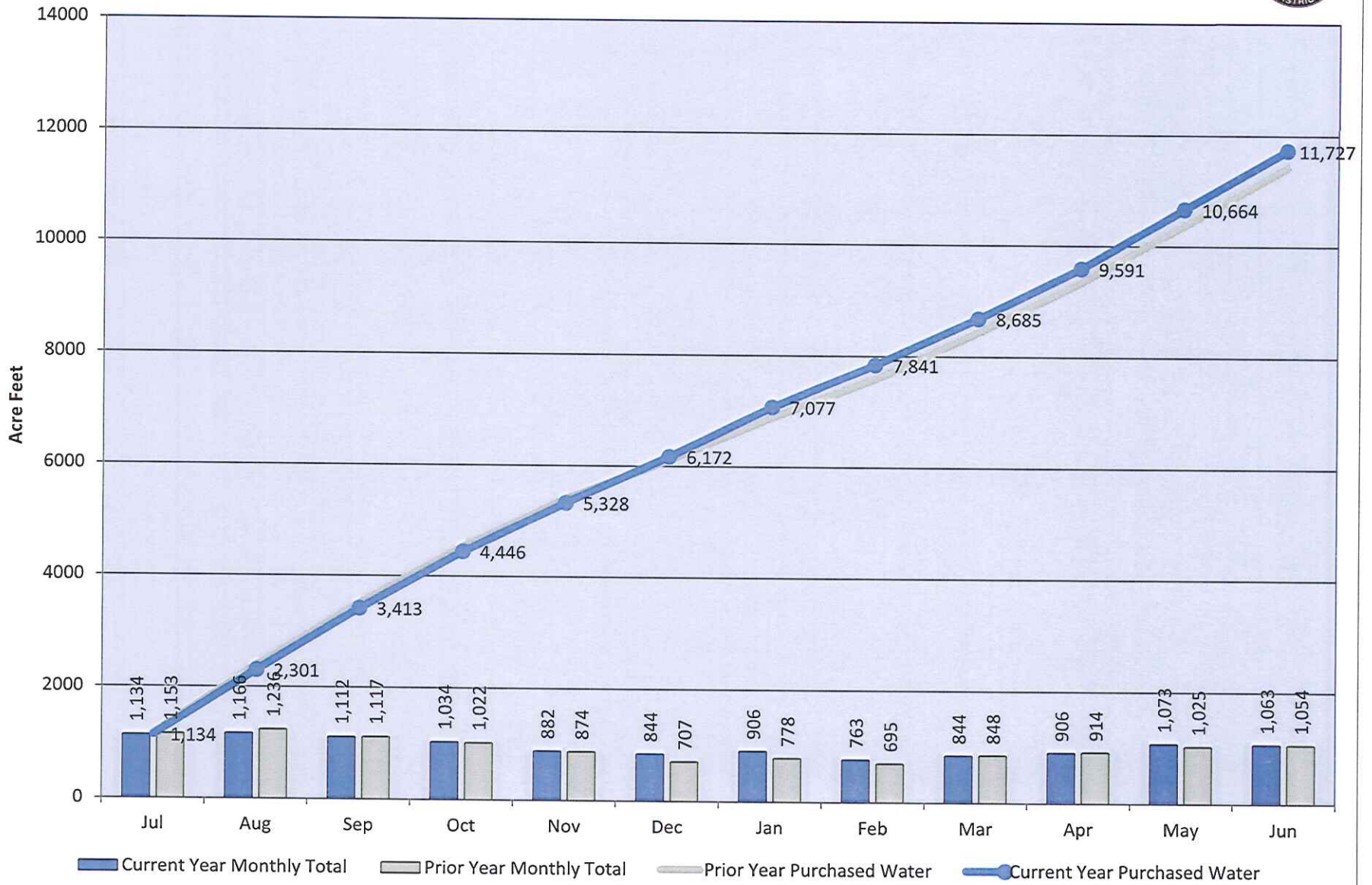
SOURCE / DESCRIPTION	2014			2013		
	ACRE-FEET	COST	COST/A.F.	ACRE-FEET	COST	COST/A.F.
WATER CHARGES:						
POTABLE WATER						
PUENTE BASIN WATER AGENCY / TVMWD	469.1	410,462.50	875.00	492.4	418,047.60	849.00
POMONA-WALNUT-ROWLAND JWLC	593.9	519,662.50	875.00	567.7	481,976.90	849.00
LA HABRA HEIGHTS						
WATER REPLENISHMENT DISTRICT (WRD)	2.4	317.58	134.00			
	1,065.4	930,442.58		1,060.1	900,024.50	
RECLAIMED WATER	66.1	15,732.42	238.01	106.1	26,132.81	246.30
TOTAL WATER CHARGES	1,131.5	946,175.00		1,166.2	926,157.31	
FIXED CHARGES:						
PUENTE BASIN WATER AGENCY / TVMWD						
CAPACITY RESERVATION		6,490.47			4,943.57	
CONNECTED CAPACITY		1,322.62			3,044.54	
WATER USE CHARGE		992.23			1,769.32	
EQUIV. SMALL METER		1,642.66			3,811.55	
SUBTOTAL		10,447.98			13,568.98	
PWR JWLC						
CAPACITY RESERVATION		8,473.97			5,764.25	
CONNECTED CAPACITY		1,066.91			2,455.93	
WATER USE CHARGE		2,544.60			5,860.90	
DEPRECIATION		1,389.00			1,389.00	
REPLACEMENT		1,910.00			1,910.00	
PWR BUDGET ASSESSMENT		7,797.00			7,834.22	
SUBTOTAL		23,181.48			25,214.30	
LHH						
WHEELING CHARGE						
SUBTOTAL						
TOTAL FIXED CHARGES		33,629.46			38,783.28	
TOTAL PURCHASED WATER CHARGES		979,804.46			964,940.59	
AVERAGE WATER CHARGE:		\$ 865.96			\$ 827.42	

Tab

1.5

Potable Water Purchases For FY 2013-2014

(Acre-feet)



Tab

2.1



JULY 2014-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments <i>(Submit expense report if claiming mileage and/or meal reimbursement)</i>
Anthony J. Lima					
	7/3/2014	PBWA Meeting at Walnut	\$110.00		Mileage
	7/8/2014	RWD Board Meeting	\$110.00		
	7/17/2014	Meeting with Dr. Mathis	\$110.00		
	7/22/2014	RWD Special Board Meeting	\$110.00		
		TOTAL PAYMENT	\$440.00		
John Bellah					
	7/8/2014	RWD Board Meeting	\$88.00		
	7/17/2014	Meeting with Dr. Mathis	\$88.00		
	7/22/2014	RWD Special Board Meeting	\$88.00		
		TOTAL PAYMENT	\$264.00		
Robert W. Lewis					
	7/3/2014	PBWA Meeting at Walnut	\$110.00		
	7/8/2014	RWD Board Meeting	\$110.00		
	7/17/2014	Meeting with Dr. Mathis	\$110.00		
	7/22/2014	RWD Special Board Meeting	\$110.00		
		TOTAL PAYMENT	\$440.00		

Tab

2.2

STAFF REPORT



TO: Board of Directors
FROM: Ken Deck, General Manager
DATE: August 12, 2014
RE: AUTHORIZE PROCEEDING WITH THE ISSUANCE OF WATER REVENUE
REFUNDING BONDS

RECOMMENDED ACTION

Staff recommends the Board of Directors of the Rowland Water District adopt Resolution No. 8-2014 authorizing the issuance of not to exceed \$21,000,000 principal amount of Water Revenue Refunding Bonds, Series 2014A, authorizing and directing execution of an Indenture of Trust, Escrow Instructions, a Continuing Disclosure Agreement and a Bond Purchase Contract, authorizing the sale of Bonds, approving a Preliminary Official Statement and authorizing the execution of necessary documents and related actions.

BACKGROUND

At the District's last board meeting, staff was directed to begin the refinancing process for the Rowland Water District's outstanding 2008 Certificates of Participation Recycled Water Project ("2008 COP"). At this time, a resolution and related documents necessary to continue the refinancing is presented to the Board of Directors for consideration. Nothing shall in any way commit the District to issue any refunding bonds unless satisfactory terms are presented.

As part of the District's ongoing effort to implement budgetary savings and reduce costs, the District has the opportunity to refinance its 2008 COP. Due to historically low interest rates and the District's good credit rating, under current market conditions it is estimated the District can save about \$2.9 million over the remaining life of the 2008 COP by refinancing today.

Summary of Obligations to Be Refinanced

In 2008, the Rowland Water District approved the issuance of the 2008 COP in the original amount of \$20,545,000. The 2008 COP were originally issued to finance the extension of the District's existing recycled water distribution system in order to serve identified landscape and industrial user sites located throughout the District's service area. The 2008 COP are currently outstanding in the amount of \$19,105,000 with interest rates ranging from 5.0% to 6.5%. A debt service reserve fund of approximately \$1.5 million was funded to provide additional security for bondholders. The final term of the 2008 COP is December 1, 2039. The 2008 COP can be redeemed on December 1, 2018 without a redemption premium.

Below is a summary of the key components of the 2008 COP:

Series	2008 COP
Original Principal	\$20,545,000
Outstanding Principal	\$19,105,000
Interest Rates	5.0% to 6.5%
Reserve Fund	Cash Funded
Prepayment Date	December 1, 2018 at 100%

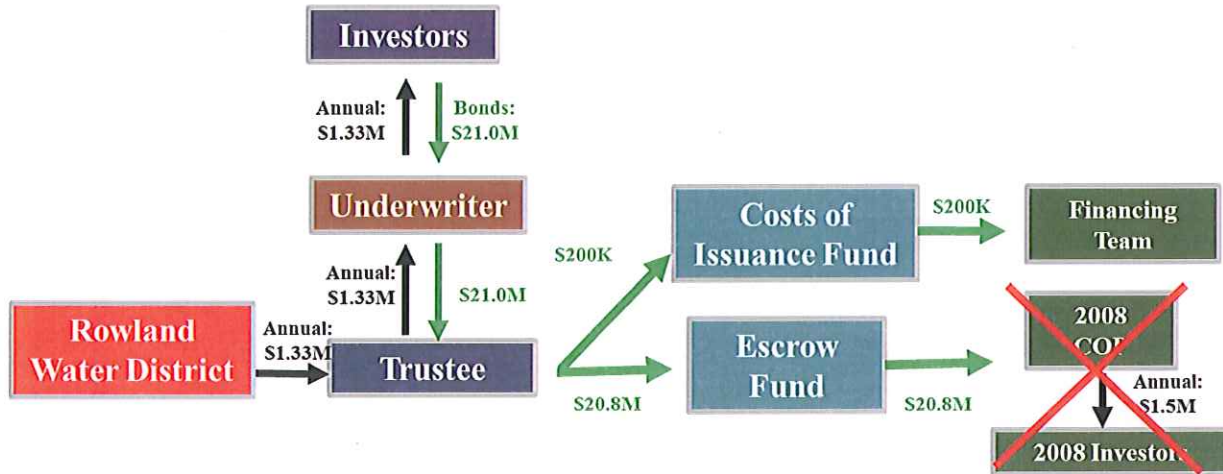
FINANCING STRUCTURE

The Rowland Water District will issue about \$21.0 million of water revenue refunding bonds to refinance the 2008 COP. The proceeds of the refunding bonds will be used to pay the costs of issuance and to establish an escrow fund to pay off the outstanding 2008 COP principal and interest due to the first redemption date. The new 2014 bond structure will not require a debt service reserve fund.

Sources of Funds	
Principal Amount of Bonds	<u>21,000,000</u>

Uses of Funds	
Costs of Issuance	
Underwriter's Discount (0.40% of Par)	84,000
Bond & Disclosure Counsel	52,500
Financial Advisor	42,000
Rating Agency	20,000
Underwriter's Counsel	7,500
Trustee	7,500
Verification Agent	3,000
Financial Printer	3,000
Miscellaneous	5,000
Escrow Fund	
Principal Redeemed	19,105,000
Interest Redeemed	5,034,300
Investment Income/Prior Funds	<u>-3,363,800</u>
Total	21,000,000

Like the 2008 COP, the 2014 Bonds will be secured by net revenues of the District's water system. Revenues include all rates, fees, and charges received by the District for water services. The 2014 Bonds will be issued with the same final year of payment of 2039 as the 2008 COP.

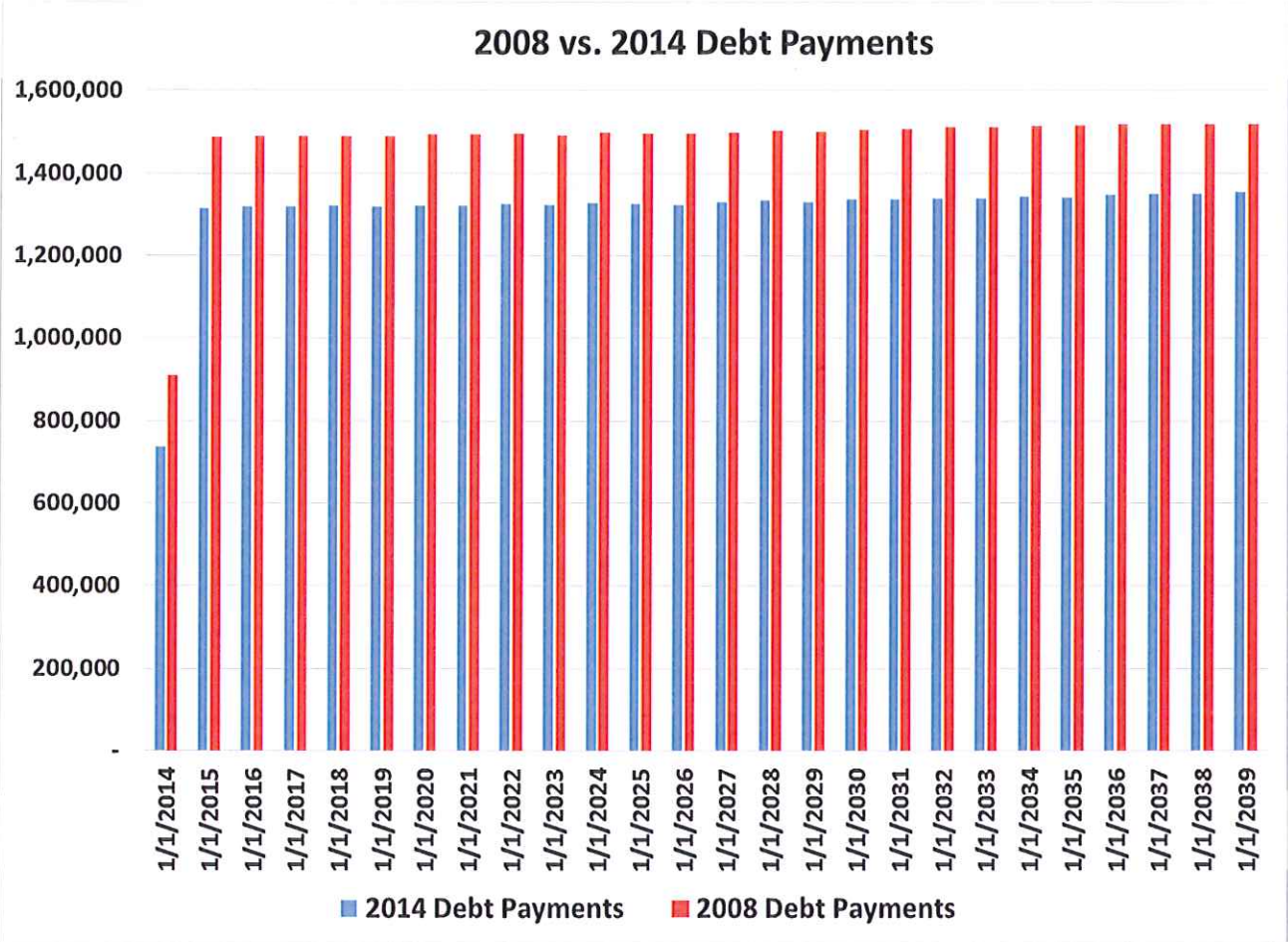


FISCAL IMPACT

The 2008 COP are currently outstanding in the amount of \$19.105 million, have a final term of 2039 with existing interest rates ranging from 5.00% to 6.50%. Based on today's interest rates, the 2008 COP could be refinanced to the same term at interest rates ranging from 0.25% to 4.33%.

By taking advantage of low interest rates currently available in the market, refinancing the 2008 COP would produce annual savings of about \$170,000. Over the life of the 2014 Bonds, the District will save over \$2.9 million of debt payments. In today's dollars, this translates into over \$2.3 million in present value savings (equal to 12.0% of the refinanced principal amount). Typically, municipal issuers set a minimum present value savings goal equal to 3% of the refunded principal amount to determine if a refinancing is worthwhile to pursue.

In addition to the annual savings of approximately \$170,000, the elimination of the requirement for a debt service reserve fund on all District Water Revenues Bonds (2012 Bonds and new 2014 Bonds) will make available \$1.1 million for District infrastructure improvements (water mains, pump stations and treatment facilities).



ATTACHMENTS

1. Resolution No. 8-2014
2. Indenture of Trust as September 1, 2014, by and between the Rowland Water District and The Bank of New York Mellon Trust Company.
3. Escrow Instructions as September 1, 2014, from the Rowland Water District to The Bank of New York Mellon Trust Company.
4. Continuing Disclosure Agreement as of September 1, 2014, by and between the Rowland Water District and Urban Futures, Inc.
5. Bond Purchase Agreement as of September 1, 2014, by and between the Rowland Water District and Mitsubishi UFJ Securities (USA), Inc.
6. Preliminary Official Statement relating to the Rowland Water District Water Revenue Refunding Bonds, Series 2014A.

RESOLUTION NO. 8-2014



RESOLUTION NO. 8-2014

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROWLAND WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$21,000,000 PRINCIPAL AMOUNT OF WATER REVENUE REFUNDING BONDS, SERIES 2014A, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, ESCROW INSTRUCTIONS, A CONTINUING DISCLOSURE AGREEMENT AND A BOND PURCHASE CONTRACT, AUTHORIZING THE SALE OF BONDS, APPROVING AN OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Rowland Water District (the "District") is a county water district duly organized and existing under the duly organized and validly existing under the Constitution and laws of the State of California, and is authorized pursuant to Articles 10 and 11, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended (the "Refunding Law") to borrow money for the purpose of refinancing indebtedness of the District; and

WHEREAS, the District has previously entered into the District has previously entered into an Installment Purchase Contract, dated as of December 1, 2008 (the "2008 Installment Purchase Contract"), between the District and the CSDA Finance Corporation (the "Corporation"), payments under which secure the District's Rowland Water District Certificates of Participation (Recycled Water Project), Series 2008 (the "Prior Obligations"), issued pursuant to a trust agreement, dated as of December 1, 2008 (the "2008 Trust Agreement") among the Corporation, the District and The Bank of New York Mellon Trust Company, N.A. (the "Prior Trustee"); and

WHEREAS, in order to provide funds to refinance the Prior Obligations, the District proposes to issue its Rowland Water District Water Revenue Refunding Bonds, Series 2014A, in the aggregate principal amount of not to exceed \$21,000,000 (the "Bonds"), pursuant to an Indenture of Trust (the "Indenture"), currently dated as of September 1, 2014 between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, the District proposes to sell the Bonds to Mitsubishi UFJ Securities (USA), Inc. (the "Underwriter") for offer and sale by the Underwriter to customers thereof, and in connection with the offering of the Bonds, the District has caused to be prepared an Official Statement describing, among other things, the District, the Indenture, the Enterprise, the Net Revenues and the Bonds, a preliminary form of which is on file with the Secretary of the District; and

WHEREAS, the Bonds will be sold pursuant to the Purchase Contract (the “Purchase Contract”) to be dated the date of sale, between the District and the Underwriter; and

WHEREAS, the District has previously entered into the District has previously entered into an Installment Purchase Contract, dated as of November 1, 2012 (the “2012 Installment Purchase Contract”), between the District and the Puente Basin Water Agency (the “Agency”), payments under which secure the Agency’s Water Revenue Bonds, 2012 Series A (Rowland Water District Project) (the “2012 Bonds”), issued pursuant to an Indenture of Trust, dated as of November 1, 2012 (the “2012 Indenture”) between the Puente Basin Water Agency (the “Agency”) and The Bank of New York Mellon Trust Company, N.A. (the “2012 Trustee”); and

WHEREAS, the 2012 Bonds are secured, in part, by a reserve fund (the “2012 Reserve Fund”) established under the 2012 Indenture, currently in the amount of approximately \$1.1 million; and

WHEREAS, in connection with the issuance of the Bonds, the District is authorized to terminate the requirement of maintaining the 2012 Reserve Fund, and may use amounts on deposit therein for authorized capital improvements of the District; and

WHEREAS, the District has duly considered such transactions, including, without limitation, the Indenture, the Purchase Contract and the Official Statement, and wishes at this time to approve said transactions in the public interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Rowland Water District as follows:

Section 1. Issuance of Bonds; Approval of Indenture. The findings set forth in the recitals hereof are true and correct. The District hereby authorizes the issuance of the Bonds under and pursuant to the Refunding Law and the Indenture for the purposes hereinbefore described. The District hereby approves the Indenture in substantially the form on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the members of this Board or the duly appointed General Manager, or their authorized representatives (collectively, the “Authorized Officers”), upon consultation with District Counsel and Nossaman LLP (“Bond Counsel”), whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. The District hereby authorizes the delivery and performance of the Indenture, provided that the true interest cost of the Bonds does not exceed 4.25%, the maturity does not exceed the current final maturity of the Prior Obligations and the principal amount does not exceed \$21,000,000.

Section 2. Purchase Contract. The District hereby authorizes the sale of the Bonds to the Underwriter pursuant to and in accordance with the Purchase Contract, in substantially the form on file with the Secretary together with any additions thereto or changes therein approved by Authorized Officers, the execution thereof to be conclusive evidence of such approval. The District hereby delegates to each of the Authorized Officers, the District to accept an offer from the Underwriter to purchase the Bonds from the District pursuant to the Purchase Contract.

Section 3. Approval of Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), between the District and Urban Futures, Inc. (the “Dissemination Agent”), as presented to this meeting is hereby approved. An Authorized Officer is hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Continuing Disclosure Agreement, in substantially the form presented to this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of District Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Approval of Escrow Instructions; Redemption of Prior Obligations. The form of Escrow Instructions (the “Escrow Instructions”), between the District and the Prior Trustee, acting as escrow agent, as presented to this meeting is hereby approved. An Authorized Officer is hereby authorized and directed, for and on behalf of the District, to consent to and deliver the Escrow Instructions, in substantially the form presented to this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of District Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby determines to redeem Prior Obligations prior to maturity as set forth in the Escrow Instructions.

Section 5. Official Statement. The District hereby approves the preparation of, and hereby authorizes the Authorized Officers to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, a preliminary form of Official Statement describing the Bonds. Distribution of such preliminary Official Statement by the Underwriter to prospective purchasers of the Bonds is hereby approved. Each of the Authorized Officers are hereby authorized to execute the final form of the Official Statement, on behalf of the District, including as it may be modified by such additions thereto and changes therein as the Authorized Officers shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by the Authorized Officers shall be conclusive evidence of the approval of any such additions and changes. The District hereby authorizes the distribution of the final Official Statement by the Underwriter to the purchasers of the Bonds.

Section 6. Termination of 2012 Reserve Fund. Pursuant to Section 3.06 of the 2012 Indenture, the 2012 Reserve Fund is hereby terminated as of the date of issuance of the Bonds.

Section 7. Official Action. The officers and staff of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including purchase of bond insurance resulting in present value savings and execution and delivery of any and all assignments, certificates, requisition, agreements, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds.

Section 8. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted at the regular meeting of the Board of Directors held August 12, 2014 by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

SZU PEI LU-YANG
President

ATTEST:

KEN DECK
Secretary

SECRETARY'S CERTIFICATE

The undersigned, Secretary of the Board of Directors of the Rowland Water District, hereby certifies as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors duly called and held on August 12, 2014, at which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

Dated: August 12, 2014

KEN DECK, Board Secretary

INDENTURE OF TRUST

INDENTURE OF TRUST

between the

ROWLAND WATER DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

RELATING TO THE

**\$ _____
ROWLAND WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2014A**

Dated as of September 1, 2014

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APPENDIX A (FORM OF BOND)..... A-1

INDENTURE OF TRUST

This INDENTURE OF TRUST (the "Indenture"), dated as of September 1, 2014, between the ROWLAND WATER DISTRICT, a county water district duly organized and validly existing under the laws of the State of California (the "District") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the District has previously entered into an Installment Purchase Contract, dated as of December 1, 2008 (the "2008 Installment Purchase Contract"), between the District and the CSDA Finance Corporation (the "Corporation"), payments under which secure the District's Rowland Water District Certificates of Participation (Recycled Water Project), Series 2008 (the "Prior Obligations"), delivered in the aggregate principal amount of \$20,545,000, of which \$_____ remains outstanding pursuant to a trust agreement, dated as of December 1, 2008 (the "2008 Trust Agreement") among the Corporation, the District and The Bank of New York Mellon Trust Company, N.A. (the "Prior Trustee"); and

WHEREAS, the District is authorized pursuant to Articles 10 and 11, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended, to issue revenue bonds to provide funds to refund its outstanding indebtedness which is payable from Net Revenues (as defined herein); and

WHEREAS, in order to prepay the Prior Obligations, the District has decided to issue its Water Revenue Refunding Bonds, Series 2014A in an aggregate principal amount of \$_____, secured by Net Revenues as provided herein; and

WHEREAS, the District hereby certifies that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture by such party does exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

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

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof or supplement hereto, of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

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

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues (i) arising from any increase in the charges made for service from the Enterprise adopted prior to the incurring of such Parity Obligations and effective within eighteen (18) months following the date of incurring such Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District, and (ii) arising from any increase in service connections to the Enterprise prior to the incurring of such Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such connections had been in existence during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District, all as shown by the certificate or opinion of an Independent Financial Consultant.

“Agency” means the Puente Basin Water Agency, a joint powers authority, operating and acting pursuant to the laws of the State of California, and its successors and assigns.

“Authorized Officer” means, with respect to the District, its President, Vice President, General Manager or the Finance Officer or any other person designated as an Authorized Representative of the District by a Written Certificate of the District signed by its President, Vice President or General Manager, and filed with the Trustee.

“Bond Year” means the period from the Closing Date through December 1, 2014, and thereafter the twelve-month period commencing on December 2 of each year through and including December 1 of the following year.

“Bonds” means the \$_____ principal amount of Water Revenue Refunding Bonds, Series 2014A authorized hereby and at any time Outstanding hereunder that are issued by the District under and pursuant to Article II of this Indenture.

“Bond Counsel” means Nossaman LLP or any other attorney or firm of attorneys appointed by and acceptable to the District, of nationally-recognized experience in the execution

and delivery of obligations the interest in which is excludable from gross income for federal income tax purposes under the Code.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California or on which the Principal Office is authorized to be closed.

“Certificate of the District” means an instrument in writing signed by an Authorized Officer.

“Closing Date” means the date on which the Bonds are delivered to the original purchasers thereof, which date is _____, 2014.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

“Continuing Disclosure Agreement” shall mean the agreement by that name, dated as of September 1, 2014, between the District and the dissemination agent named therein.

“Debt Service” means, during any period of computation, the amount obtained for such period by totaling the following amount--

(a) The principal amount of all Outstanding serial Bonds and Parity Obligations coming due and payable by their terms in such period (except to the extent that such principal has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the principal to which such amounts are pledged);

(b) The minimum principal amount of all Outstanding term Bonds and Parity Obligations scheduled to be redeemed by operation of mandatory sinking fund deposits in such period, together with any premium thereon (except to the extent that such principal has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the principal to which such amounts are pledged); and

(c) The interest which would be due during such period on the aggregate principal amount of Bonds and Parity Obligations which would be Outstanding in such period if the Bonds or Parity Obligations are retired as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), but deducting and excluding from such aggregate amount the amount of Bonds and Parity Obligations no longer Outstanding; provided that, whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligation is not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligation has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligation is excludable from gross income under the

applicable provisions of the Internal Revenue Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus fifty (50) basis points.

“Debt Service Account” means the account of that name established by the Trustee pursuant to Section 3.04 hereof.

“Debt Service Payments” mean the payments of Debt Service on the Bonds due hereunder.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the refunding of the Prior Obligations, including but not limited to filing costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and its counsel, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of Bonds and charges and fees in connection with the foregoing.

“Delivery Costs Fund” means the fund of that name established by Section 3.02 hereof.

“Depository” means (a) initially, DTC, and (b) any other qualified securities depository acting as Depository pursuant to Section 2.11 hereof.

“Depository System Participant” means any participant in the Depository’s book entry system.

“District” means the Rowland Water District, a county water district duly organized and validly existing under the laws of the State of California, and its successors and assigns.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Due Date” means each November 15 and May 15, commencing November 15, 2014.

“Enterprise” means the District’s water system, including all facilities, works, properties and structures of the District for the treatment, transmission and distribution of potable and non-potable water, including all contractual rights to water supplies, transmission capacity supply, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any part thereof hereafter acquired or constructed.

“Escrow Fund” means the fund established by the Escrow Instructions.

“Escrow Instructions” means the escrow instructions from the District to the Prior Trustee, dated as of September 1, 2014.

“Event of Default” means an event of default described in Section 6.01 hereof.

“Federal Securities” mean (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America, (b) obligations fully and unconditionally guaranteed as to timely payment of the interest and principal by the United States of America, (c) obligations of any agency or instrumentality of the United States of America as to which the timely payment of the interest on and the principal of such obligations is backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Fiscal Year” means the twelve calendar month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

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

“Governmental Loan” means a loan from the State or the United States of America, acting through any of its agencies, to finance improvements to the Enterprise, and the obligation of the District to make payments to the State or the United States of America under the loan agreement memorializing said loan on a parity basis with the payment of Debt Service Payments.

“Indenture” means this Indenture of Trust between the Trustee and the District, dated as of September 1, 2014, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants duly licensed and entitled to practice, and practicing as such, under the laws of the State of California, appointed and paid by the District, and each of whom--

1. is in fact independent and not under the domination of the District;
2. does not have a substantial financial interest, direct or indirect, in the operations of the District; and
3. is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Independent Engineer” means any registered engineer or firm of engineers of national reputation generally recognized to be well qualified in engineering matters relating to systems similar to the Enterprise, appointed and paid by the District, and who or each of whom--

1. is in fact independent and not under the domination of the District;
2. does not have a substantial financial interest, direct or indirect, in the District; and
3. is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Independent Financial Consultant” means any financial consultant or firm of such consultants of national reputation generally recognized to be well qualified in financial matters relating to systems similar to the Enterprise, appointed and paid by the District, and who, or each of whom--

1. is in fact independent and not under the control of the District;
2. does not have a substantial financial interest, direct or indirect, in the District; and
3. is not connected with the District as a council member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee which are then providing information with respect to called Bonds, or, if the Trustee does not select a service, then such service or services as the District may designate in a certificate delivered to the Trustee.

“Interest Payment Date” means December 1, 2014, and each June 1 and December 1 thereafter.

“Maintenance and Operation Costs” of the Enterprise means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Enterprise, as determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, including the cost of water, and (b) administrative costs of the District attributable to the Enterprise and the financing thereof; but excluding (x) depreciation, replacement and obsolescence charges or reserves therefor, (y) in any Fiscal Year prior to setting aside an amount equal to the Debt Service Payments for such Fiscal Year, capital expenditures other than as set forth in subsection (a) above, and (z) amortization of intangibles or other bookkeeping entries or a similar nature.

“Maximum Annual Debt Service” means, as of the date of any calculation, the maximum sum obtained for the current or any future Bond Year so long as any of the Bonds remain Outstanding by totaling the following amounts for such Bond Year:

(a) the principal amount of the Bonds and Parity Obligations coming due and payable by their terms in such Bond Year, including the principal amount of any term Bonds and term Parity Obligations which are subject to mandatory sinking fund redemption in such Bond Year; and

(b) the amount of interest which would be due during such Bond Year on the aggregate principal amount of the Bonds and Parity Obligations which would be Outstanding in such Bond Year if such Bonds and Parity Obligations are retired as scheduled.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

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

“Net Revenues” means, for any period, an amount equal to all of the Revenues received during such period minus the amount required to pay all Maintenance and Operation Costs becoming payable during such period.

“Nominee” means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of a Depository designated pursuant to Section 2.11 hereof.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds except:

- (1) Bonds canceled by the Trustee;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (3) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed and delivered hereunder.

“Owner” or “Bondowner” means the registered owner of any Outstanding Bond.

“Parity Obligations” the District’s obligations under that certain Installment Purchase Contract, dated as of November 1, 2012, between the District and the Agency, and indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred by the District and secured by a pledge of and lien on Net Revenues equally and ratably with the Debt Service Payments.

“Payment Fund” means the fund by that name established in Section 3.03 hereof.

“Permitted Investments” mean any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely upon any direction of the District as a certification that such investment constitutes a Permitted Investment):

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

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

Farmers Home Administration (FmHA)
Certificates of beneficial ownership

Federal Housing Administration Debentures (FHA)

General Services Administration
Participation certificates

Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations (participation certificates)
(not acceptable for certain cash-flow sensitive issues.)

U.S. Maritime Administration
Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local District Bonds
New Communities Debentures – U.S. Government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. Government guaranteed public housing notes and bonds

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

Federal Home Loan Bank System
Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)

Participation certificates

Senior debt obligations

Federal National Mortgage Association (FNMA or “Fannie Mae”)

Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP) obligations

Farm Credit System

Consolidated system-wide bonds and notes

Federal Agriculture Mortgage Association

Tennessee Valley District

4. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m,” or “AA-m” or if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2,” including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

5. Certificates of deposit secured at all times by collateral described in 1 and/or 2 above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks including the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral; and unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers’ acceptances of any bank (including those of the Trustee, its parent and its affiliates) the short-term obligations of which are rated on the date of purchase in one of the two highest rating categories by S&P or Moody’s.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

7. Investment agreements, including GIC’s, forward purchase agreements and reserve fund put agreements.

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

9. Bonds or notes issued by any state or municipality which are rated by Moody’s or S&P in one of the two highest rating categories assigned by such agencies.

10. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime -1” or “A2” or better by Moody’s or “A-1” or “A” or better by S&P.

11. Repurchase agreements for 30 days or less must follow the following criteria:

(i) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

12. Asset-backed Securities: As authorized in Government Code Section 53601(n), investment in any equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond with a maximum remaining final maturity of five years. Purchases will be restricted to securities with an expected weighted average life not to exceed three years. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service.

13. Mortgage-backed Securities: As authorized in Government Code Section 53601(n), investment in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, with a maximum remaining final maturity of five years. Purchases will be restricted to securities with an expected weighted average life not to exceed three years. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of asset-backed and mortgage-backed securities may not exceed 20% of the District's portfolio in total.

14. Medium-term Notes: Corporate notes issued by corporations organized and operating within the United States with a rating of "A" or higher at the time of purchase by a nationally recognized rating service and with a maximum remaining maturity of no more than three (3) years after the date of purchase.

15. The Local Agency Investment Fund created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

16. Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of California, as it may be amended.

17. The Los Angeles County Pooled Treasury Portfolio.

"Principal Office" means the corporate trust office of the Trustee currently located in Los Angeles, California, or such other office designated by the Trustee from time to time.

"Prior Obligations" means the outstanding Rowland Water District Certificates of Participation (Recycled Water Project), Series 2008.

"Prior Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee for the Prior Obligations.

“Record Date” means the fifteenth day of the calendar month prior to an Interest Payment Date.

“Redemption Account” means the account of that name established by the Trustee pursuant to Section 3.04 hereof.

“Responsible Officer” means any officer of the Trustee assigned by the Trustee to administer the trusts established hereunder.

“Revenue Fund” means the fund of the District into which it deposits Revenues.

“Revenues” means all gross income and revenue received or receivable by the District from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including fees for connecting to the Enterprise) received by the District for Water Service and all other income and revenue howsoever derived by the District from the Enterprise or arising from the Enterprise; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific facilities, or (ii) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the District, are not Revenues and are not subject to the lien of the Indenture. Revenues shall include amounts on deposit in the Revenue Fund which have been previously released from the pledge and lien of this Indenture. Revenues shall also include interest with respect to any Parity Obligations reimbursed to or on behalf of the District by the United States of America.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill Incorporated, its successors and assigns.

“Securities Depositories” mean The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in writing to the Trustee.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the Bonds.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor or any other bank or trust company which may at any time be substituted in its place as provided in Section 7.01.

“2008 Trust Agreement” means the trust agreement, dated as of December 1, 2008, between the District and the Prior Trustee.

“Water Service” means the potable and recycled water service made available or provided by the Enterprise.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract by and among the Trustee, the District and the Owners to secure the full and final payment of the interest and principal and redemption premiums, if any, to be made by the District on the Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Bonds over any other Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

TERMS AND CONDITIONS OF BONDS

Section 2.01. Authorization of Bonds. The District hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$_____. The Bonds shall be designated “Rowland Water District Water Revenue Refunding Bonds, Series 2014A.”

Section 2.02. Denominations, Medium, Method and Place of Payment and Dating of Bonds. The Bonds shall be issued in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. Subject to the provisions of Section 2.11 hereto, the interest, principal and redemption premiums, if any, on the Bonds shall be payable by check in lawful money of the United States of America. Subject to the provisions of Section 2.11 hereof, interest on the Bonds shall be payable on their Interest Payment Dates by check mailed via first class mail on the Interest Payment Date by the Trustee to the respective Owners thereof as of the Record Date at their addresses as they appear in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 hereof or, upon the written request from any Owner of Bonds aggregating at least \$1,000,000 in principal amount, received on or prior to the fifteenth day of the month preceding an applicable Interest Payment Date, by wire in Federal Reserve funds to an account within the United States on the Interest Payment Date, with regard to which such payment is made. The principal of the Bonds shall be payable on December 1 in each of the years and in the principal amounts as follows, or on redemption prior thereto, upon surrender thereof at the Principal Office of the Trustee.

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds shall be dated as of the Closing Date, and bear interest from the Interest Payment Date immediately preceding the date of authentication thereof by the Trustee, unless such date of authentication is on or after the fifteenth (15th) day of the calendar month prior to an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or before November 15, 2014, in which case they shall bear interest from the Closing Date.

Section 2.03. Interest on the Bonds. Interest on the Bonds shall be paid on each Interest Payment Date at the rates per annum set forth in Section 2.02 hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.04. Form of Bonds. The Bonds and the assignment to appear thereon shall be in substantially the form set forth in Appendix A hereto with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.05. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the President or General Manager of the District, or his or her authorized representatives, and shall be attested to by the manual or facsimile signature of the District Secretary or assistant secretary. The Bonds shall be authenticated by the manual signature of an authorized officer of the Trustee.

Section 2.06. Transfer and Exchange of Bonds. Subject to the provisions of Section 2.11 hereof, (a) each Bond shall be transferable only upon a register of the names of each Owner (the "Bond Register"), which shall be kept for that purpose at the Principal Office, by the Owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his or her duly authorized attorney. Upon the transfer of any such Bond, the Trustee shall provide in the name of the transferee, a new Bond or Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered Bonds (unless there has occurred a partial redemption of such Bond pursuant to Section 4.01 hereof, in which case the principal amount of the new Bond shall be equal to the unredeemed principal amount of the Bond submitted for transfer).

(b) The Trustee shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the District nor the Trustee shall be affected by any notice to the contrary. The District agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence or willful misconduct under the Indenture, in so treating such Owner.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Article. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the District and the Trustee may make a charge sufficient to reimburse any of them for any tax, fee or other governmental charge, other than one imposed by the District, required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision hereof, the cost of preparing each new Bond and any other expenses of the District or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge other than one imposed by the District) shall be paid by the District. The Trustee shall not be obliged to effect any exchange or transfer of any Bond during the period after the mailing of notice calling such Bond or a portion thereof for redemption, nor during the fifteen (15) days preceding the giving of such notice of redemption.

Section 2.07. Bond Registration Books. The Trustee shall keep or cause to be kept at its Principal Office sufficient records for the registration and registration of transfers of the Bonds, which shall, during normal business hours upon reasonable prior written notice be open to inspection by the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations consistent herewith as it may prescribe, register or transfer or cause to be registered or transferred, on the Bond Register, Bonds as herein before provided.

Section 2.08. Temporary Bonds. Pending preparation of the definitive Bonds, any Bonds delivered under the Indenture may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be without coupons and may contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated by the Trustee and be delivered by the Trustee upon the same conditions and in substantially the same manner as definitive Bonds. If the Trustee delivers temporary Bonds, it shall authenticate and furnish definitive Bonds without delay and, thereupon, the temporary Bonds shall be surrendered for cancellation at the Principal Office of the Trustee and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bonds shall

be entitled to the same benefits under the Indenture as definitive Bonds delivered pursuant hereto.

Section 2.09. Bonds Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Trustee, at the expense of the Owner of said Bond, shall authenticate and deliver a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed or redelivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall authenticate and deliver a new Bond of like tenor and numbered as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a reasonable fee for each new Bond delivered under this Section and of the reasonable expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured by the Indenture. The Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured, the Trustee may make payment of such Bond upon receipt of indemnification satisfactory to the Trustee.

Section 2.10. Evidence of Signatures of Bond Owners and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bond Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose hereof (except as otherwise herein provided), if made in the Form of the Assignment attached to the Bond in Appendix A hereto.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to the Trustee may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the District or the Trustee in pursuance of such request or consent.

Section 2.11. Book Entry System.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each maturity. Upon initial delivery,

the ownership of each such Bond shall be registered on the Bond Register kept by the Trustee in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the District holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, or any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the District elects to redeem the Bond in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, of any amount with respect to principal, premium, if any, or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The District and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bonds for the purpose of payment of principal of, premium, if any, and interest on such Bonds for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers of ownership of such Bonds, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Bond evidencing the obligation of the District to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice of the District shall promptly, but in no event later than two (2) Business Days after receipt thereof, deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, to the extent it has not already done so the District shall execute and deliver to such Depository a letter (the "Letter of Representations") representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the District determines to

terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees in the Letter of Representations to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Section 2.11 hereof.

In the event the District determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain Bonds, the District may notify the Depository System Participants of the availability of such Bond through the Depository. In such event, the Trustee will, at the expense of the District, authenticate, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository so requests, the District shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate Bonds evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another qualified securities depository to maintain custody of a single Bond evidencing such Bonds, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed in writing by the Depository.

Section 2.12. Limitations on Future Obligations Secured by Net Revenues.

(a) No Obligations Superior to Debt Service Payments. So long as any Bonds are Outstanding, the District shall not issue or incur any obligations payable from Net Revenues or the Revenue Fund senior or superior to the Debt Service Payments. The District may issue or incur Subordinate Debt as provided herein.

(b) Parity Obligations. The District may at any time issue Parity Obligations payable from Net Revenues on a parity basis with the Debt Service Payments in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(i) No Event of Default shall have occurred and be continuing; and

(ii) The Net Revenues, calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of a Treasurer, or (ii) as shown by the books of the District for any more recent twelve (12) month period selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred and ten percent (110%) of the amount of Maximum Annual Debt Service; and

(iii) The District may, but is not required to, establish from the proceeds of such Parity Obligations a reserve fund for the security of such Parity Obligations, in an amount then permitted under the Code.

The provisions of subsection (ii) of this Section shall not apply to any Parity Obligations if (A) all of the proceeds of which (other than proceeds applied to pay costs of issuing such Parity Obligations and to make any reserve fund deposit pursuant to subsection (iii) of this Section) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on any Outstanding Bonds or on any outstanding Parity Obligations, (B) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on the refunding Parity Obligations will not exceed Maximum Annual Debt Service on the Outstanding Bonds being refunded, and (C) the final maturity of the refunding Parity Obligations is not later than the final maturity of the refunded Bonds or Parity Obligations.

(b) In order to maintain the parity relationship of the Debt Service Payments to all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur semi-annually on the Due Dates and in each year as such payments are due with respect to the Debt Service Payments, and reserve account replenishment with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur monthly, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service Payments and not prior thereto; provided that the District shall not make a payment on such Governmental Loan to the extent it would have the effect of causing the District to fail to pay Debt Service Payments on a timely basis. In such event, the District shall make Debt Service Payments and payments on such Governmental Loan on a pro rata basis.

(c) Subordinate Obligations. The District may issue bonds or other obligations secured by a lien on Revenues or Net Revenues which is subordinate to the lien established under this Indenture, upon such terms and in such principal amounts as the District may determine.

ARTICLE III

PROCEEDS OF BONDS; PLEDGE OF NET REVENUES

Section 3.01. Delivery of Bonds; Payment of Debt Service; Pledge of Net Revenues. The Trustee is hereby authorized to authenticate the Bonds and upon receipt of the proceeds of

sale thereof deliver the Bonds to the initial purchaser thereof upon receipt of a Certificate of the District.

All of the Net Revenues are pledged hereunder for the payment of Parity Obligations, including the Bonds, and all moneys on deposit in the Payment Fund and the Redemption Fund established under the Indenture are hereby irrevocably pledged, charged and assigned to the punctual payment of the Bonds, and except as otherwise provided herein, the Net Revenues and such other funds shall not be used for any other purpose so long as any of the Bonds remain Outstanding. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues and such other moneys for the payment of the Debt Service Payments, the Bonds and any Parity Obligations in accordance with the terms hereof.

The District's obligation to pay the Debt Service Payments and any other amounts coming due and payable hereunder shall be a special obligation of the District limited solely to the Net Revenues. Under no circumstances shall the District be required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Debt Service Payments and the Bonds, nor shall any other funds or property of the District be liable for the payment of the Debt Service Payments, the Bonds or any other amounts coming due and payable hereunder.

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

Nothing contained in this Section shall be construed to release the Trustee from the performance of any of the agreements on its part contained herein, and in the event the Trustee shall fail to perform any such agreements, the District may institute such action against the Trustee as the District may deem necessary to compel performance so long as such action does not abrogate the obligations of the District contained in the preceding paragraph. The District

may, however, at the District's own cost and expense and in the District's own name prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect the District's rights hereunder.

Section 3.02. Depositing of Proceeds of Bonds and Other Amounts. On the Closing Date the Trustee shall receive \$_____ (being the principal amount of the Bonds, less an Underwriter's discount in the amount of \$_____, and [less net original issue discount] [plus net original issue premium] of \$_____) as the purchase price of the Bonds. The Trustee shall transfer \$_____ to the Delivery Costs Fund, which fund is hereby established and shall be held hereunder. The Trustee shall transfer \$_____ of the Bond proceeds to the Prior Trustee for deposit in the Escrow Fund established pursuant to the Escrow Instructions. The Trustee may establish a temporary fund or account in its records to facilitate such deposits or transfers.

Section 3.03. Deposit of Debt Service Payments. All Debt Service Payments with respect to the Bonds shall be paid directly by the District to the Trustee on the applicable Due Date. Such payments received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it as and when received in the Debt Service Account of the Payment Fund, which fund the Trustee hereby agrees to establish and maintain as provided in Section 3.04 so long as any Bonds are Outstanding.

On or before each Due Date, the District shall withdraw from the Revenue Fund an amount, together with the balance then on deposit in the Payment Fund, if any (other than amounts held for the defeasance of Bonds pursuant to Article IX and any amounts required for payment of principal of or interest on any Bonds which have matured or been called for redemption but which have not yet been presented for payment), equal to the aggregate amount of the Debt Service Payments coming due on the next succeeding Interest Payment Date, and transfer the same to the Trustee for deposit into the Payment Fund.

Section 3.04. Payment Fund. Within the Payment Fund the Trustee shall establish a Debt Service Account and a Redemption Account. Debt Service Payments made by the District shall be deposited by the Trustee in the Debt Service Account. Such payments shall be net of amounts already on deposit therein that are in excess of the amount required to accumulate therein pursuant to Section 3.01. The Trustee shall transfer the money contained in the Debt Service Account and the Redemption Account at the following respective times in the following respective accounts in the following order of priority in the manner hereinafter provided, each of which accounts the Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of and interest on the Bonds on each Interest Payment Date or mandatory redemption dates, as applicable.

(b) Redemption Account. The Trustee, on the optional redemption date specified in the Certificate of the District filed with the Trustee at the time that any moneys to

accomplish any such optional redemption are paid to the Trustee, shall deposit in the Redemption Account the amount of such payment. All money in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal on the Bonds to be optionally redeemed on their respective redemption dates.

Section 3.05. Use of Money in the Delivery Costs Fund.

(a) The Trustee shall disburse funds from the Delivery Costs Fund to pay Delivery Costs only upon receipt of a signed certificate (stating the amount to be disbursed and the party or parties being paid) approved by the Authorized Officer of the District and accompanied by an invoice or statement for each such amount.

(b) Upon payment of all Delivery Costs, which shall be determined by a certificate to that effect by an Authorized Officer of the District delivered to the Trustee, or upon the date occurring four (4) months after the Closing Date, whichever occurs first, the Trustee shall transfer all funds remaining in the Delivery Costs Fund to the Debt Service Account, and the Delivery Costs Fund shall thereupon be closed.

Section 3.06. Receipt and Deposit of Revenues; Revenue Fund .

The District covenants and agrees that all Revenues, when and as received, will be received and held by the District in trust hereunder and will be deposited by the District in the Revenue Fund and will be accounted for through and held in trust in the Revenue Fund; provided, that the District may withdraw such amounts in the Revenue Fund as may be necessary to make refunds for amounts paid in advance for services provided by the Enterprise, which such service was not thereafter made available or provided. All Net Revenues, whether held by the District as trustee or deposited with the Trustee, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes hereinafter in this Article III set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

All Revenues in the Revenue Fund shall be set aside by the Treasurer or deposited by the Treasurer with the Trustee, or the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

(1) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable. Pursuant to Section 5.10 hereof, the District shall annually prepare a budget for Maintenance and Operation Costs.

(2) Debt Service Accounts. The Debt Service Payments, and of all other Parity Obligations, shall be paid in accordance with the terms hereof and the Indenture, and of

such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(3) Reserve Funds. Payments required with respect to Parity Obligations to replenish reserve accounts established therefor shall be made in accordance with the of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) General Expenditures. All Net Revenues remaining after paying all of the sums required to be paid hereunder by the provisions of Sections 3.06 (1), (2) and (3) hereof, or in connection with any Parity Obligation may be withdrawn by the District for expenditure for any lawful purpose of the District.

The parties hereto acknowledge that although all Parity Obligations are secured equally and ratably by applicable Net Revenues, moneys with respect to obligations other than the Bonds may be held by the Trustee or by trustees other than the Trustee under documents and agreements other than the Indenture, and the Indenture imposes no obligations upon the Trustee with respect to such other obligations. The District shall make such transfers from the Revenue Fund necessary to effectuate such obligations' parity claim on such Net Revenues contemplated hereby.

Section 3.07. Held in Trust. The moneys and investments held by the Trustee under Sections 3.03, 3.04 and 3.05 are irrevocably held in trust for the benefit of the Owners, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee or the District.

Section 3.08. Commingling of Moneys in Funds. The Trustee is directed by the District to commingle any of the funds held by it pursuant to this Indenture into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 3.09. Liability of District Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than Net Revenues legally available therefor in the Revenue Fund and the other funds provided herein for the payment of the Debt Service Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The District may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Debt Service Payments and the other amounts due hereunder is a special obligation of the District payable solely from the moneys legally available therefor hereunder, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3.10. Arbitrage Covenant. The District hereby covenants with the Owners of the Bonds that, notwithstanding any other provision of this Indenture, it will make no use of the proceeds of the Bonds which would cause the Bonds or the Prior Obligations to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended. The Trustee hereby covenants with the Owners of the Bonds that it will comply with the express provisions of this Indenture and will follow the written directions of the District and, notwithstanding anything to the contrary contained herein, so long as the Trustee shall have complied with the written instructions of the District, if any, with respect to making any rebate to the United States of America, the Trustee shall conclusively be deemed to have complied with its obligations hereunder and shall not be liable if the Bonds become arbitrage bonds.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) Extraordinary Casualty Redemption. The Bonds are subject to redemption, in whole or in part on any date, from the Net Proceeds of insurance or condemnation with respect to the Enterprise, which Net Proceeds are deposited in the Payment Fund and credited towards the prepayment of the Debt Service Payments, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

(b) Optional Redemption. The Bonds maturing on or before December 1, 20___, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after December 1, 20___, are subject to optional redemption on any date on or after December 1, 20___, in whole or in part, from any source of available funds, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without a premium.

(c) Sinking Fund Redemption of Bonds. The Bonds maturing December 1, 20___ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on December 1, 20___, from mandatory sinking fund payments set aside in the Payment Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below; provided, however, that if some but not all of such Bonds have been redeemed pursuant to subsection (a) or (b) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the District (notice of which determination shall be given by the District to the Trustee):

**Redemption Dates
(December 1)**

Amount

(d) Purchase in Lieu of Redemption. In lieu, or partially in lieu, of such call and redemption, moneys of the District may be used to purchase Outstanding Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the District prior to the selection of Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Section 4.02. Selection of Bonds for Redemption. In the event that part, but not all, of the Bonds are to be redeemed (except for mandatory sinking fund redemption), the Bonds to be redeemed shall be selected by the Trustee among maturities or mandatory sinking fund redemptions as designated in writing by the District and by lot within a maturity; provided, however, that, as shall be set forth in a Certificate of the District, the Bonds may be redeemed by any maturity or maturities or mandatory sinking fund redemptions selected by the District, and by lot within a maturity. For the purpose of the selection described in this Section, all Bonds registered in the name of the same Owner shall be aggregated and treated as a single Bond held by such Owner. Notwithstanding any of the foregoing, in any such partial redemption the Trustee shall call the Bonds in integral multiples of \$5,000.

In the event of a redemption for which the Trustee does not have monies available to redeem the entire amount scheduled for redemption, the Trustee shall redeem Bonds of the applicable maturity or maturities by lot up to a principal amount equal to the available monies.

Section 4.03. Notice of Redemption; Rescission. When redemption is authorized or required pursuant to this Article, the Trustee shall give notice (the "Redemption Notice"), at the expense of the District, of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed; (b) the date of redemption; (c) the place or places where the redemption will be made, including the name and address of any paying agent; (d) the redemption price; (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed; (f) if less than all the Bonds of a maturity are to be redeemed, the certificate numbers of the Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed; and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being

redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Subject to the provisions stated above, the Trustee shall take the following actions with respect to such Redemption Notice:

(a) (i) At least thirty (30), but not more than forty-five (45), days prior to the redemption date or (ii) immediately upon receipt of Net Proceeds from insurance or condemnation awards which are to be used to redeem Bonds, the Trustee shall cause Redemption Notices to be given to the respective Owners of Bonds designated for redemption by first class mail, postage redeemed, at their addresses appearing on the Bond Register maintained by the Trustee.

(b) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to each of the Securities Depositories.

(c) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to one of the Information Services selected by the District.

Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Each check or other payment method used by the Trustee for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such rescission or cancellation shall not constitute an Event of Default under this Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Bond or Bonds equal to the unredeemed principal amount of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice having been given as aforesaid, and the moneys for the redemption, including interest to the applicable redemption date of the Bonds to be redeemed, having been set aside in the Redemption Account or Payment Account, the portion of Bonds to be redeemed shall become due and payable on said redemption date, and, upon presentation and surrender thereof at the office or offices specified in said notice, said Bonds shall be paid at the unpaid principal amount and premium, if any, with respect thereto, plus any unpaid and accrued interest to said redemption date.

If, on said redemption date, moneys sufficient for the redemption of all the Bonds to be redeemed, together with interest to said redemption date shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said redemption date, interest with respect to the portion of Bonds to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said redemption date, interest with respect to such portion of Bonds shall continue to be payable until paid at the same rates as they would have been payable had they not been called for redemption. All moneys held by or on behalf of the Trustee for the redemption or payment of particular Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed or paid for the lesser of two (2) years or the period ending one day prior to the date such moneys would escheat to the State. Subject to any applicable escheat laws, after the earlier of two (2) years or the period ending one day prior to the date such moneys would escheat to the State, the Trustee will pay over to the District the unclaimed money for the years to which such money applies, if any, and thereafter the Owners of such Bonds shall be entitled to payment on their Bonds only from the District and only from the amounts so paid to the District. The Trustee shall have no obligation to determine what applicable escheat law applies, but shall only be required to follow the District's written instructions to comply with this Section.

ARTICLE V

COVENANTS OF THE DISTRICT AND THE TRUSTEE

Section 5.01. Compliance with Indenture. The District will not suffer or permit any material default by it to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02. Observance of Laws and Regulations. The District will truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Enterprise by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District with respect to the Enterprise to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03. Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Owner holding at least 25% in principal amount of the Bonds from time to time, take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Enterprise, whether now existing or hereafter developing and shall, to the extent permitted by law, prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 5.04. Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, deposit and disbursement of the Debt Service Payments, and such accounting records shall be available for inspection by the District or any Owner or his or her agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours and under reasonable conditions prescribed by the Trustee. So long as any Bonds are Outstanding, the Trustee will furnish each month to the District and any Owner who may so request in writing (at the expense of such Owner) a statement covering the receipts, deposits and disbursements of the Debt Service Payments for the preceding monthly period; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero, or (ii) has not had any activity since the last reporting date.

Section 5.05. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Indenture.

Section 5.06. Against Encumbrances. The District hereby covenants that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Bonds. The District will not make any pledge of or place any lien on the Net Revenues, provided that the District may at any time, or from time to time, pledge or encumber the Net Revenues in connection with the issuance or execution of Parity Obligations, or subordinate to the pledge of Net Revenues herein.

Section 5.07. Against Sale or Other Disposition of Property. The District will not sell, lease, encumber or otherwise dispose of the Enterprise or any part thereof in excess of one-half of one percent of the book value of the Enterprise in any Fiscal Year, unless the Treasurer certifies that such sale, lease, encumbrance or disposition will not materially adversely affect the operation of the Enterprise or the Net Revenues; provided however, any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold, exchanged or otherwise disposed of at not less than the fair market value thereof and the proceeds (if any) of such sale or exchange shall be deposited in the Revenue Fund.

The District will not enter into any agreement or lease which would impair the ability of the District to meet the covenant set forth in Section 5.17 hereof or which would otherwise impair the rights of the Bond Owners or the operation of the Enterprise.

Notwithstanding any other provision of this Section, the ownership of components of the Enterprise may be transferred by the District to the Agency to facilitate operations and provide operational savings. Prior to any such transfer, the District shall certify in writing to the Trustee that such transfer will not materially adversely affect the operation of the Enterprise or the collection of Net Revenues.

Section 5.08. Against Competitive Facilities. Except for any utility system existing as of the date hereof, the District will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private entity, authority, District or political subdivision or any person whomsoever to acquire, maintain or operate within the District any utility system competitive with the Enterprise.

Section 5.09. Tax Covenants. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest on the Bonds to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of the Bonds that may cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of the Bonds will not be used as to cause the proceeds on the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(c) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 5.10. Maintenance and Operation of the Enterprise; Budgets. The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable. If requested by the Trustee, on or before the first day of each Fiscal Year the District will file with the Trustee a budget setting forth the estimated Maintenance and Operation Costs of the Enterprise for such Fiscal Year. The Trustee shall not be required to review, and shall not be deemed to have knowledge of, the contents of such budget, it being understood that the Trustee shall receive and hold such budget as repository for examination and copying by any Owner at such Owner’s expense.

Section 5.11. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Net Revenues or any part thereof or on any funds in the control of the District or the Trustee prior or superior to the lien of the Bonds or which might impair the security of the Bonds; provided the District shall not be obligated to make such payment so long as the District contracts such payment in good faith.

Section 5.12. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the District is a party thereto, including, without limitation, any Parity Obligations.

Section 5.13. Insurance.

(a) The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in connection with similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to the redemption of Bonds as provided in Section 4.01(a).

Alternatively, if the proceeds of such insurance are sufficient to enable the District to retire all outstanding Parity Obligations and the Bonds and all other amounts due hereunder and under the Indenture, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the redemption of Bonds as provided in Section 4.01(a) and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which such Parity Obligations were issued.

(b) The District will procure and maintain public liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise.

(d) All policies of insurance required to be maintained herein shall provide that the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby, provided, however, the Trustee shall not be responsible for the sufficiency of any insurance herein required.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may be maintained by the District in the form of self-insurance so long as the District certifies to the Trustee that (a) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (b) an Insurance Consultant certifies annually, on or before January 1 of each year in which self-insurance is maintained, in writing to the Trustee that the

District's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage and the Trustee may conclusively rely thereon; and (c) such reserves are held in a separate trust fund by an independent trustee. Any statements of self-insurance shall be delivered to the Trustee. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

Section 5.14. Books and Accounts; Financial Statements. (a) The District will keep proper books of record and accounts of the Enterprise, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The District will prepare and file with the Trustee annually within two hundred seventy (270) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding--

- (1) an audited financial statement for the District (prepared in accordance with Generally Accepted Accounting Principles) for the preceding Fiscal Year, together with an Accountant's Report thereon and along with a certificate of the District to the effect that no Event of Default has occurred, or if an Event of Default has occurred, specifying the nature thereof and, if the District has a right to cure pursuant to Section 6.01 hereof, stating in reasonable detail the measures, if any, being undertaken by the District to cure such Event of Default; and
- (2) a certified statement that all insurance required by this Agreement to be carried by the District with respect to the Enterprise is in full force and effect and complies with the terms hereof.

(c) District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary statement showing the amount of the Revenues and the disbursements from the Revenues, and the Maintenance and Operation Costs, in reasonable detail, for the preceding Fiscal Year, and a general statement of the financial and physical condition of the Enterprise. The District will furnish a copy of such summary statement to the Trustee and any Owner upon request.

(d) The Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of the books and records of the District, any financial statement or statement of insurance coverage delivered to the Trustee under this Section 5.14, it being expressly understood that the Trustee shall only receive and hold such documents as repository for examination and copying by any Owner at such Owner's expense during business hours on Business Days.

Section 5.15. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges, if any,

which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Net Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof, but the District shall not be required to make such payments, or to comply with any regulations or requirements, so long as the payment or validity or application thereof shall be contested in good faith.

Section 5.16. Operation of Enterprise. The District will, so long as the Bonds are Outstanding, continue to operate the Enterprise and shall have in effect at all times, except as otherwise provided by law, rules and regulations requiring all users of the Enterprise provided by the District that is provided or made available to pay the rates, fees and charges applicable to the Enterprise provided or made available to such users, and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after such bill becomes delinquent, the District, in accordance with law, may refuse to provide or make available the services provided by the Enterprise to such premises until all delinquent rates, fees and charges and penalties have been paid in full.

Except in connection with the receipt of federal or State funding, or as required by law or as a condition to the acquisition or operation of the Enterprise, the District will not permit any part of the Enterprise, or any facility thereof, to be used, or taken advantage of, free of charge by any person, firm or corporation, or by any public agency (including the United States of America, the State of California and any public corporation, political subdivision, city, county, district or agency of any thereof), excepting only that the District may without charge use the services and facilities of the Enterprise.

Section 5.17. Collection of Rates and Charges. The District will, at all times while any of the Bonds remain Outstanding, take the necessary and appropriate actions, under Article XIII D of the California Constitution and other applicable laws, to fix, prescribe and collect rates, fees and charges in connection with the Enterprise so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order below set forth:

- (1) All Maintenance and Operation Costs of the Enterprise;
- (2) The Debt Service Payments and all payments (including payments of interest and under reimbursement agreements) with respect to related Parity Obligations issued or incurred after the date hereof as they become due and payable;
- (3) Amounts necessary to bring the amount of funds in any reserve fund up to the required amount; and
- (4) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year.

(b) Furthermore, the District shall take the necessary and appropriate actions, under Article XIII D of the California Constitution and other applicable laws, to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues which are at least equal to one hundred and ten percent (110%) of the aggregate amount of the Debt Service Payments, and principal of and interest on any Parity Obligations issued or incurred after the date hereof payable from Net Revenues coming due and payable during such Fiscal Year. The District may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the District violates the covenants set forth herein, such violation shall not, in and of itself, be a default under this Indenture and shall not give rise to a declaration of an Event of Default if (i) the coverage calculated hereunder does not decrease below 1.00 times the sum of (A) annual Debt Service Payments, (B) payments on Parity Obligations, (C) amounts sufficient to maintain any reserve fund at the required level, and (D) Maintenance and Operation Costs of the Enterprise and, (ii) within 120 days after the date such violation is discovered, the District hires an Independent Financial Consultant or an Independent Engineer to review the revenues and expenses of the Enterprise and abides by such consultant's recommendations to revise the schedule of rates, fees and charges and to revise any Maintenance and Operation Costs of the Enterprise insofar as practicable and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; provided, however, that if the District does not cure such violation within twelve (12) months succeeding the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.01(b).

(d) The District shall furnish to the Trustee within 270 days following the close of each of its Fiscal Years, an audit report of an Independent Certified Public Accountant with respect to the Fiscal Year, together with a certificate of the District certifying that the District has complied with its rate covenant contained in subsections (a) and (b) above for the Fiscal Year.

(e) The District's actions to raise rates under subsections (a) and (b) above are subject to the right, if any, of the District's ratepayers under the California Constitution to defeat any proposed increase in rates, fees or charges by protest, or reduce or repeal rates, fees, charges and assessments by initiative.

Section 5.18. Eminent Domain Proceeds. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District prepares a report showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, the District determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual

Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such report and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be applied to redeem the Bonds under Section 4.01(a) hereof or any Parity Obligations, on a pro rata basis in the manner provided herein and in the instruments authorizing such Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to redeem the Bonds under Section 4.01(a) hereof or any Parity Obligations.

Section 5.19 Continuing Disclosure to Owners The District and the Trustee shall comply with and carry out all of their respective duties under the Continuing Disclosure Agreement. Notwithstanding any other provisions of this Indenture, failure of the District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee shall, at the written direction of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, but only to the extent indemnified for its fees and expenses, including those of its attorneys, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.20. Rebate of Excess Investment Earnings to United States.

(a) Obligation to Calculate Excess Investment Earnings. The District shall calculate or cause to be calculated, and shall provide or cause to be provided written notice to the Trustee of, the excess investment earnings (as defined in the Code, "Excess Investment Earnings") at such times and in such manner as may be required pursuant to the Code. The District shall inform the Trustee how frequently calculations are to be made, and shall ensure that a copy of all such calculations is given promptly to the Trustee.

(b) Rebate to United States. The District agrees to deposit with the Trustee, promptly upon the receipt of any calculations made pursuant to the preceding subsection (a), the amount of Excess Investment Earnings so calculated. The Trustee shall deposit all amounts paid to it for such purpose by the District in the Rebate Fund, which fund the Trustee hereby agrees to establish when required to deposit any funds therein and maintain so long as any Bonds are Outstanding. The Trustee shall pay to the United States of America from the amounts on deposit in the Rebate Fund such amounts as shall be identified pursuant to written notice filed with the Trustee by the District for such purpose from time to time. Payments to the United States of America shall be made to the address prescribed by the Code as the same may be from time to time in effect with such reports and statements as may be prescribed by the Code. Following payment in full to the United States of America of all amounts due and owing under this subsection (b) and under the Code, the Trustee shall withdraw from the Rebate Fund and transfer to the District all amounts remaining on deposit in the Rebate Fund.

(c) Investment Transactions. The District shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section 5.20. To that end the District shall assure that investment transactions are on an arm's-length basis. In the event that Permitted Investments consist of certificates of deposit or investment contracts, investment in such Permitted Investments shall be made in accordance with the procedures described in the Code.

(d) Maintenance of Records. The District shall keep, and retain for a period of six (6) years following the retirement of the Bonds, records of the determinations made pursuant to this Section 5.20.

(e) Engagement of Professional Services. In order to provide for the administration of this Section 5.20, the District may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the District may deem appropriate.

(f) Modification of this Section. Any of the provisions of this Section 5.20 may be amended, modified or deleted in any manner whatsoever in the event that the District shall cause to be filed with the Trustee written directions making such amendment, modification or deletion, which written directions are accompanied by an opinion of Bond Counsel stating that such amendment, modification or deletion will not cause interest on the Bonds to be includable in gross income of the Bondowners for federal income tax purposes.

ARTICLE VI

DEFAULT AND LIMITATIONS OF LIABILITY

Section 6.01. Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) default shall be made in the due and punctual payment by the District of any Debt Service Payment when and as the same shall become due and payable;

(b) default shall be made by the District in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Trustee;

(c) the District shall file a petition seeking arrangement or reorganization under 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 the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

- (d) an event of default shall have occurred with respect to any Parity Obligations;

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, subject to the provisions of Section 6.02, exercise any remedies available to the Trustee and the Bondowners in law or at equity.

The Trustee shall notify the District promptly of any default under Section 6.01(a) hereof. Upon the occurrence of an Event of Default hereunder, the Trustee may declare the principal and interest with respect to all such Bonds immediately due and payable and such principal and interest shall thereupon be due and payable immediately. The Trustee shall apply amounts on deposit in the funds and accounts in accordance with Section 6.07 hereof.

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (c) above, if at any time after such Outstanding principal amount of the Bonds and the accrued interest thereon shall have been so declared due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay such amount due prior to such date and the accrued interest thereon, with interest on such overdue payments at the rate on such Bonds, and the reasonable fees and expenses of the Trustee, including those of its attorneys, and any and all other defaults known to the District (other than in the payment of such principal amount of the Bonds and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 6.02. Other Remedies of the Trustee. The Trustee may (subject to the receipt of indemnity as provided herein):

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

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

(c) intervene in judicial proceedings that affect the Bonds or the security therefor or hereunder; or

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

Section 6.03. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 6.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

Section 6.05. No Liability by the Trustee to the Owners. Except for the duty of the Trustee to make payments of principal, redemption premiums and interest with respect to the Bonds from moneys received from the District, the Trustee will not have any obligation or liability to the Owners with respect to the payment when due of the Debt Service Payments by the District, or with respect to the performance by the District of the other agreements and covenants required to be performed by it contained herein.

Section 6.06. Limitation on Owners' Right to Bring Suit. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, at law or in equity, unless:

- (1) such Owner has previously given written notice to the Trustee of a continuing Event of Default;
- (2) the owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (3) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (4) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

It being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Bonds and Parity Obligations. Notwithstanding the foregoing, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of interest on such Bond when due in accordance with the terms thereof and hereof and the principal of such Bond at the stated maturity thereof and to institute suit for the enforcement of any such payment in accordance with the provisions of this Indenture and such rights shall not be impaired without the consent of such Owner.

Section 6.07. Application of Funds Upon Default. All monies received by the Trustee or by any receiver pursuant to any right given or action taken under the provisions of this Article VI, and any other funds then held by the Trustee, shall, after payment of the reasonable costs and fees of, and the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee (including fees and expenses of its attorneys and advisors), be deposited in the Debt Service Account and all moneys so deposited during the continuance of an Event of Default (other than moneys for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default), together with all moneys in the funds and accounts maintained by the Trustee under Article III hereof, shall be applied as follows:

(a) Unless the principal of all Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and any Parity Obligations, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds and any Parity Obligations which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds and any Parity Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds and any Parity Obligations, with interest on overdue interest

and principal, as aforesaid, without preference or priority over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other Bonds or any Parity Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever the Trustee shall apply such moneys (which shall not include the application of moneys upon the occurrence of any acceleration pursuant to the provisions hereof), it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and of the special record date in accordance with Article II hereof. The Trustee shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 6.08. Rights of the Owners of Parity Obligations. Notwithstanding anything in this Article VI to the contrary, it is hereby acknowledged and agreed that the rights of the Trustee and the Owners hereunder in and to the Net Revenues and the Enterprise shall be exercised on a parity and proportionate basis with the rights of the owners of any Parity Obligations and any fiduciary acting for the benefit of such owners. The provisions of this Article VI, and the provisions of any instruments authorizing the issuance of any Parity Obligations, shall be construed in accordance with the foregoing sentence.

ARTICLE VII

THE TRUSTEE

Section 7.01. Trustee; Duties, Removal and Resignation. By executing and delivering the Indenture, the Trustee accepts the duties and obligations of the Trustee provided in the Indenture, but only upon the terms and conditions set forth in the Indenture.

The District, in its sole discretion, or the Owners of a majority in aggregate principal amount of all Bonds Outstanding may, by thirty (30) days prior written request, remove the Trustee initially a party hereto, and any successor thereto, and in such event, or in the event the Trustee resigns, the District shall appoint a successor Trustee, but any such successor shall be a bank, national banking association or trust company in good standing doing business and having an office in Los Angeles or San Francisco, California, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such bank, national 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 purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

The Trustee may at any time resign by giving written notice to the District and by giving to the Bond Owners notice by mailing a notice of such resignation to their addresses appearing in the Bond Register. Upon receiving any such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the District does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may petition at the expense of the District an appropriate court having jurisdiction to appoint a successor Trustee or to resign. Subject to the prior sentence, any resignation or removal of the Trustee shall not become effective until written acceptance of appointment by the successor Trustee under the Indenture.

Any Trustee which shall resign or be removed pursuant to this Section shall be entitled to compensation in accordance with Section 7.02 and to reimbursement for all reasonable and proper expenses and advances incurred and not previously reimbursed for its activities in connection with the Indenture and for any indemnification due pursuant to the Indenture and not previously paid. Any Trustee which resigns or is removed, upon payment of its unpaid compensation and expenses hereunder, shall fully discharge all the right, title and interest of the retiring Trustee and amounts on deposit hereunder shall vest in said successor Trustee, and such retiring Trustee shall promptly pay over, assign and deliver to the successor Trustee any money or other property on deposit pursuant hereto then held by such Trustee, and deliver any and all records, or copies thereof, in respect of the Trustee which it may have.

Section 7.02. Compensation of the Trustee. The District shall pay from time to time, upon receipt of a statement, to the Trustee reasonable compensation for the Trustee's services and shall reimburse the Trustee for all its reasonable advances and expenditures incurred by it in the exercise and performance of its powers and duties under the Indenture. The lien of the Trustee on amounts held by it under the Indenture for its services rendered under the Indenture shall be superior to the rights of the Bond Owners to receive scheduled payments of principal and interest with respect to their Bonds; provided that the Trustee shall have no lien on moneys in the Redemption Account.

The District shall hold harmless and indemnify the Trustee for all costs, claims, expenses and liabilities incurred by or asserted against the Trustee in the performance of its duties under this Indenture or any related document, including any such reasonable costs, claims, expenses (including legal fees and expenses) and liabilities incurred in the course of defending itself against any claims or actions or enforcing any remedies under this Indenture or any related document. Any such indemnity shall not extend to any costs, claims, expenses or liabilities adjudicated to have been caused by the negligence or willful misconduct of the Trustee. The indemnification of the Trustee under this Indenture shall extend to its directors, officers, employees and agents. The obligations of the District under this Section shall survive the payment of the Bonds and the discharge of this Indenture, and the resignation or removal of the Trustee.

Section 7.03. Protection to Trustee. The District shall indemnify, protect and hold the Trustee harmless and the Trustee shall incur no liability for acting upon any notice, resolution, consent, order, certificate, report, certificate or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee, in

its discretion, may consult with counsel, who may be counsel to the District, with regard to legal questions, and the advice or opinion of such counsel, in the absence of negligence or willful misconduct on the part of the Trustee, shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith in accordance therewith.

Whenever in the administration of its duties under the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by the certificate of an Authorized Officer of the District and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof (but shall not be obligated to), accept other evidence of such matter.

The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued pursuant to the Indenture, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee and its affiliates, either as sponsor, advisor, principal or agent, may also engage in or be interested in any financial or other transaction with the District, and may act as depository, trustee, or agent for any committee or body of Owners of Bonds or other obligations of the District as freely as if it were not Trustee under the Indenture.

The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's authentication of the Bonds, shall be taken and construed as made by and on the part of the District, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Trustee shall not be deemed to make any representations with respect to the security afforded by this Indenture.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture. The Trustee shall be fully reimbursed by the District for reasonable expenses incurred in connection with the performance of its obligations under the Indenture. Upon any default by, or misconduct of, any agent, attorney or receiver appointed by the Trustee, the Trustee shall fully pursue all remedies available to it against such attorney, agent or receiver, and the proceeds of the exercise of such remedies shall be used to reimburse the District for any loss it may have suffered as a result of the default or misconduct of such agent, attorney or receiver.

Before taking any remedial action hereunder the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all reasonable expenses to which it may be put and to protect it against all liability which may be incurred in connection with the taking of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct; provided, however, the Trustee shall not seek such indemnity prior to making payments on the Bonds.

The Trustee, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), 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 reasonable person would exercise or use in the conduct of such person's own affairs.

The Trustee shall not be deemed to have knowledge of an Event of Default (except in connection with a failure of the District to make Debt Service Payments when due) until a Responsible Officer has actual knowledge thereof, or until notified in writing of such Event of Default.

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.

No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

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

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

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

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of *force majeure*. The term “*force majeure*” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. *Force majeure* shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee’s rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers and employees of the Trustee.

Section 7.04. Payment Limited. All payments to be made by the Trustee under and pursuant to this Indenture shall be made only from the corpus, income and proceeds of the amounts on deposit pursuant hereto and only to the extent that the Trustee shall have received sufficient contribution, income and proceeds in accordance with the terms of this Indenture.

Section 7.05. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 7.01 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.06. Funds and Accounts. The Trustee may establish such funds and accounts as it reasonably deems necessary or appropriate to perform its obligations hereunder.

ARTICLE VIII

AMENDMENT OF OR SUPPLEMENT TO INDENTURE

Section 8.01. Amendment or Supplement by Consent of Owners. The Indenture may be amended in writing by agreement between the District and the Trustee, but no such amendment or supplement shall (i) reduce the rate of interest evidenced by the Bonds or extend the time of payment of such interest or reduce the amount of principal thereof or extend the Maturity Date thereof without the prior written consent of the Owner thereof, or (ii) reduce the percentage of Owners of Bonds whose consent is required for the execution of any amendment of or

supplement to the Indenture, or (iii) modify any rights or obligations of the Trustee without its prior written consent thereto.

This Indenture and the rights and obligations of the District, of 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 District and the Trustee may enter into, but without the consent of any Bond Owners, if the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the District 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 District;

(b) 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 District may deem necessary or desirable;

(c) 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 hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(d) to make such additions, as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

(e) to authorize the issuance of Parity Obligations.

In the event of any such amendment or supplement, copies of such amendment or supplement and any other documents relating thereto shall be provided by the District to Moody's and S&P (provided such rating agencies are currently rating the Bonds, or any Parity Obligations) at least fifteen (15) days prior to the effective date thereof.

Section 8.02. Disqualified Bonds. Bonds owned or held by or for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article VIII, and shall not be entitled to consent to or take any other action provided in this Article VIII, and the Trustee may adopt appropriate regulations to require each Owner, before his or her consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section 8.02. Upon request of the Trustee, the District shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. Any Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, before maturity, money which, together with the amounts which are then on deposit in the Payment Fund and available therefor, is fully sufficient to pay such Bonds, including all principal and interest; or

(c) by depositing with the Trustee, under an escrow deposit and trust agreement, cash, non-callable Federal Securities or pre-refunded non-callable municipal obligations rated “AAA” and “Aaa” by S&P or Moody’s, respectively (or any combination thereof) (the “Defeasance Obligations”) in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and moneys then on deposit (or a pro rata share thereof) in the Payment Fund available therefor, together with the interest to accrue thereon, be fully sufficient to pay and discharge such Bonds (including all principal and interest) at or before their respective maturity dates.

In the event of a refunding as described in paragraph (c) above (i) the District shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay such Bonds in full on the maturity or redemption date (the “Verification”), (ii) the escrow instructions shall provide that (A) substitution of a Defeasance Obligation shall not be permitted except with another Defeasance Obligation and upon delivery of a new Verification and (B) reinvestment of a Defeasance Obligation shall not be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an opinion of nationally recognized bond counsel to the effect that such Bonds are no longer “Outstanding” under the Indenture. Each Verification and defeasance opinion shall be addressed to the District, the Trustee, the escrow agent, if any, and any other parties as are deemed appropriate by the District at the time of such refunding. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be accompanied by such opinions of counsel.

Notwithstanding that some Bonds may not have been surrendered for payment, all obligations of the District and the Trustee under the Indenture with respect to such defeased Bonds shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of such Bonds all sums due thereon and the obligation of the District to indemnify and pay the Trustee in accordance with Sections 7.02 and 7.03 hereof.

Any funds held by the Trustee, at the time of one of the events described above in subsections (a), (b) or (c), which are not required for the payment to be made to Owners, or for payments to be made to the Trustee by the District, shall be paid over to the District pursuant to written instruction from an Authorized Officer of the District and delivery of a certificate of a certified public accountant that such funds are not required to be paid to the Owners.

Section 9.02. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal of the Bonds which remains unclaimed for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date when the payments evidenced and represented by such Bonds have become payable, if such money was held by the Trustee at such date, or for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Bonds have become payable, the Trustee shall pay such amounts to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for interest and principal represented by such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee may, at the expense of the District, cause to be published once a week for two (2) successive weeks in a financial newspaper a notice that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of such notice, the balance of such money then unclaimed will be returned to the District.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the District shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor Deemed Included in all References to Predecessor. Whenever either the District, the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the District, the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys

appointed in writing. The fact and date of the execution by any Owner or his or her attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which she purports to act, that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee or the paying agent, as the case may be, may accept which it may deem sufficient.

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

Section 10.04. Waiver of Personal Liability. No board member, officer or employee of the District shall be individually or personally liable for the payment of the interest or principal the Bonds, but nothing contained herein shall relieve any board member, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Acquisition of Bonds by the District. All Bonds acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.06. Content of Certificates. Every Certificate of the District with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a statement that, in the opinion of the signers they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (c) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the District may be based, insofar as it relates to legal matters, upon an opinion of counsel unless the person making or giving such certificate knows that the opinion of counsel with respect to the matters upon which such certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any opinion of counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel executing such opinion of counsel knows that the representation with respect to the matters or upon which his or her opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 10.07. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than

sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given unless this Indenture expressly provides a different provision; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 10.08. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with industry practice and with due regard for the protection of the security of the Bonds and the rights of the owners.

Section 10.09. Investments.

(a) Amounts on deposit in any fund or account created pursuant to this Indenture shall be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder, in accordance with such written directions as the District may from time to time provide to the Trustee. Investment directions shall be received at least two (2) Business Days prior to the date of making the investment. If no such direction has been received by the Trustee in sufficient time, in the judgment of the Trustee to comply with such instructions the Trustee may invest such amounts in Permitted Investments of the type described in paragraph (4) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received investment directions from the District specifying a specific money market fund and, if no such written investment directions is so received, the Trustee shall hold such moneys uninvested. The Trustee and any affiliates may act as sponsor, advisor, principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section 10.09. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. To the extent possible, the Trustee shall provide notice to the District prior to any such sale. Interest or profit received on such investments shall be deposited to the Payment Fund.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District will not receive confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

(b) In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest. Valuation shall occur as determined by the District, but not less often than annually.

(c) Except for investment agreements and repurchase agreements, if at any time after investment therein a Permitted Investment ceases to meet the criteria set forth in the definition of Permitted Investments and such obligation, aggregated with other non-conforming investments, exceeds ten percent (10%) of invested funds, such Permitted Investment shall be sold or liquidated upon the written direction of the District.

Section 10.10. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the District or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law.

Section 10.12. California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 10.13. Notices. All written notices to be given hereunder shall be given by certified mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time.

If to the District:

Rowland Water District
3021 S. Fullerton Rd.
Rowland Heights, CA 91748
Attention: General Manager

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
400 S. Hope St., Ste. 400
Los Angeles, CA 90071
Attention: Corporate Trust Services

Section 10.14. Effective Date. This Indenture shall become effective upon its execution and delivery.

Section 10.15. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.16. Payments Due on Days that are not Business Days. In any case where the date fixed for payment of principal or interest on the Bonds or the date fixed for redemption of Bonds shall not be a Business Day, then payment of such principal or interest or redemption price shall be made on the next succeeding Business Day, with the same force and effect as if made on such non-Business Day and no interest shall accrue on such amounts from and after such non-Business Day.

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

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Officer

ROWLAND WATER DISTRICT

By: _____
General Manager

**APPENDIX A
(FORM OF BOND)**

NO. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
ROWLAND WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2014A**

Rate of Interest

Maturity Date

Dated Date

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

DOLLARS

The Rowland Water District, a county water district duly organized and validly existing under the laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner specified above or registered assigns on the maturity date specified above (subject to any right of prior redemption provided for) the principal sum specified above, together with interest thereon from the Interest Payment Date (defined below) next preceding the date of authentication hereof (unless such date of authentication is during the period commencing after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") through and including the next succeeding Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or unless such date of authentication is on or prior to the first Record Date, in which event it shall bear interest from the Dated Date until the principal hereof shall have been paid at the interest rate per annum specified above, payable on December 1, 2014, and semiannually thereafter on June 1 and December 1 in each year (each, an "Interest Payment Date"); provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

The principal of this Bond shall be payable in lawful money of the United States of America at the Principal Office (as provided in the Indenture, defined below) of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), upon presentation and surrender of this Bond.

Payment of interest on this Bond due on or before the maturity or prior redemption thereof shall be made to the person in whose name such Bond is registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Trustee at its Principal Office, such interest to be paid by check mailed by first class mail on such interest payment date to the registered owner at his or her address as it appears on such books, or, upon the written request from any Owner of Bonds aggregating, at least \$1,000,000, received on or

prior to the applicable Record Date, by wire transfer to an account within the United States. Interest on this Bond shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the District designed as its "Rowland Water District Water Revenue Refunding Bonds, Series 2014A" (the "Bonds"), in the aggregate principal amount of _____ Dollars (\$_____), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of an indenture of trust, dated as of September 1, 2014 (the "Indenture"), between the District and the Trustee.

The Bonds are issued to provide funds to refinance certain outstanding obligations of the District. The Bonds are limited obligations of the District and are payable, as to interest thereon and principal solely from Net Revenues (as defined in the Indenture). All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture by a pledge of the Net Revenues, which Net Revenues shall be held in trust for the security and payment of the interest on, principal of and redemption premiums, if any, on the Bonds as provided in the Indenture. Neither the faith and credit of the District, the State of California, nor any of its political subdivisions are pledged to the payment of the principal of or interest on the Bonds.

Copies of the Indenture are on file at the Principal Office of the Trustee. Reference is hereby made to the Indenture and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the Owners of the Bonds with respect thereto and for the other agreements, conditions, covenants and terms upon which the Bonds are executed and delivered thereunder.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended or supplemented in writing by the parties thereto (in certain instances without the consent of the Owners of Bonds), but no such amendment or supplement shall (i) reduce the rate of interest evidenced hereby or extend the time of payment of such interest or reduce the amount of principal hereof or extend the Maturity Date hereof without the prior written consent of the Owner hereof, or (ii) reduce the percentage of Owners of Bonds whose consent is required for the execution of any amendment of or supplement to the Indenture, or (iii) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Bonds are authorized to be executed and delivered in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

This Bond is transferable or exchangeable by the Owner hereof in person or by the Owner's attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender of this Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Upon such transfer

or exchange, a new Bond or Bonds of authorized denominations of the same Maturity Date and interest rate and in the same aggregate principal amount hereof will be executed and delivered by the District and authenticated by the Trustee to the Owner thereof in exchange therefor. The Trustee shall require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee may treat the Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and redemption premium, if any, evidenced by this Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability evidenced by this Bond to the extent of the sum or sums so paid.

The Trustee shall not be obligated to make any such registration of transfer or exchange of Bonds during the fifteen (15) day period prior to the date on which notice of redemption must be mailed pursuant to the Indenture, or with respect to any Bond which has been selected for redemption pursuant to the Indenture (except any unredeemed portion thereof).

[REDEMPTION PROVISIONS]

As provided in the Indenture, notice of redemption hereof shall be mailed, first class postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the Owner of this Bond at such Owner's address as it appears in the registration books maintained by the Trustee, but failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of this Bond. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, the interest evidenced hereby shall cease to accrue from and after the date fixed for redemption.

The Trustee has no obligation or liability to the Owners of the Bonds for the payment of the interest or principal or redemption premiums, if any, on the Bonds; but rather the Trustee's sole obligations are to administer, for the benefit of the District and the Owners of the Bonds, the various funds established under the Indenture.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until certificate of authentication and registration hereon endorsed shall have been manually executed and dated by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

It is hereby certified that all acts and proceedings required by law necessary to make this Bond, when executed by the District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the District have been done and taken, and have been in all respects duly authorized.

IN WITNESS WHEREOF, the Rowland Water District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its President and attested to by the manual or facsimile signature of its District Secretary, and has caused this Bond to be dated as of the dated date set forth above.

ROWLAND WATER DISTRICT

[Seal]

By: _____
President

ATTEST:

By: _____
District Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on the date set forth below.

Date:

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned does hereby sell, assign and transfer unto _____ the within Bonds and does) hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the register of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature: _____

Note: The signature(s) to 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 by: _____

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.

ESCROW INSTRUCTIONS

ESCROW INSTRUCTIONS

from the

ROWLAND WATER DISTRICT

to

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent

Dated for reference purposes as of September 1, 2014

ESCROW INSTRUCTIONS

These Escrow Instructions, dated for reference purposes as of September 1, 2014 (the "Instructions"), are provided by the Rowland Water District (the "District") in connection with the issuance of the Rowland Water District Water Revenue Refunding Bonds, Series 2014A (the "Bonds"), to The Bank of New York Mellon Trust Company, N.A., as escrow agent hereunder (the "Escrow Agent") and as trustee (the "2008 Trustee") pursuant to a Trust Agreement, dated as of December 1, 2008 (the "2008 Trust Agreement"), among the District, the CSDA Finance Corporation (the "Corporation") and the 2008 Trustee. The 2008 Trust Agreement was executed in connection with the District's Rowland Water District Certificates of Participation (Recycled Water Project), Series 2008, delivered in the aggregate principal amount of \$20,545,000, of which \$_____ remains outstanding (the "2008 Certificates"). The 2008 Certificates are secured by certain Installment Payments to be paid by the District pursuant to an Installment Purchase Agreement, dated as of December 1, 2008 (the "2008 Installment Purchase Agreement") between the District and the Corporation. The District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") have executed that certain indenture of trust, dated as of September 1, 2014 (the "Indenture") in connection with the issuance of the Bonds.

RECITALS

A. Pursuant to the 2008 Trust Agreement, the District authorized the execution and delivery of the 2008 Certificates. Payment of principal of and interest with respect to the 2008 Certificates is secured by a pledge of the Installment Payments, and certain other funds made available as provided in the 2008 Trust Agreement.

B. The 2008 Trust Agreement provides that the District may secure payment of the 2008 Certificates prior to their due dates if there shall have been deposited with the Escrow Agent either (i) money in an amount which shall be sufficient, or (ii) non-callable direct obligations of the United States, or bonds or other obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States of America ("Federal Securities") the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Escrow Agent at the same time, shall be sufficient to pay when due the 2008 Certificates until the maturity or prepayment date of the 2008 Certificates.

C. Pursuant to the Indenture, \$_____ aggregate principal amount of the Bonds have been issued by the District. A portion of the proceeds of the sale of the Bonds is being transferred to the Escrow Agent to be applied for the purpose of providing funds which will be sufficient, together with (i) certain investment earnings thereon, and (ii) other available funds, to provide for the termination of the pledge of and lien created by the 2008 Trust Agreement and the 2008 Installment Purchase Agreement with respect to the 2008 Certificates.

I. Instructions to the Escrow Agent.

The District hereby directs and instructs the Escrow Agent as follows:

1.1 Escrow Fund. The Escrow Agent shall establish and hold in trust, separate and apart from other funds and accounts, a special account designated the “Escrow Fund.” The Escrow Agent shall administer such account as provided in these Instructions. Amounts in the Escrow Fund are irrevocably pledged and shall be applied solely for the purposes set forth in these Instructions. The Escrow Fund shall be maintained by the Escrow Agent until all of the 2008 Certificates have been paid in accordance with their terms and these Instructions.

1.2 Deposits to the Escrow Fund; Transfer of Funds. The Escrow Agent shall deposit into the Escrow Fund the moneys (including all earnings and accrued interest thereon) transferred to it by the Underwriter at the request of the District from the proceeds of the Bonds in the amount of \$_____, and shall transfer to the Escrow Fund the other amounts set forth in Schedule B hereto.

The Escrow Agent shall purchase, on _____, 2014, with the cash deposited into the Escrow Fund, the securities listed on Schedule A hereto (the “Escrowed Securities”) and shall hold such securities in the Escrow Fund, subject to the provisions of Article IV hereof. The remaining amount of \$_____ shall be held uninvested by the Escrow Agent.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of state and local government series securities (“SLGS”) that is to be submitted pursuant to these Instructions, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District’s selection of an alternative investment as a determination of the alternative investment’s legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

1.3 Payments with Respect to the 2008 Certificates.

A. The Escrow Agent shall transfer from the Escrow Fund, in immediately available funds, to the 2008 Trustee for deposit in the Installment Payment Fund created by the 2008 Trust Agreement (i) on December 1 and June 1 of each year, commencing December 1, 2014 an amount equal to the payment which would have then been due under the 2008 Trust Agreement for payment of the 2008 Certificates through and including December 1, 2018, and (ii) on December 1, 2018, amounts sufficient to pay the principal maturity and premium of all 2008 Certificates maturing after December 1, 2018. The District hereby irrevocably designates the 2008 Certificates maturing on December 1, 2019 through 2025, inclusive, and on December 1, 2029, December 1, 2035 and December 1, 2039, for prior

prepayment on December 1, 2018, and hereby irrevocably instructs the 2008 Trustee to give the mailed notice of prepayment as provided in the 2008 Trust Agreement and the notice of defeasance as provided in Section 1.6 hereof.

B. Transfers from the Escrow Fund shall be made only from scheduled payments of principal and interest received by the Escrow Agent with respect to the securities listed on Schedule A hereto, and the earnings on any investment of such scheduled payments. Under no circumstances shall the Escrow Agent sell, transfer, liquidate or redeem prior to maturity the securities listed on Schedule A hereto unless the Escrow Agent shall first have received: (i) an opinion from nationally recognized bond counsel to the effect that such sale, transfer, liquidation or prepayment would not, in and of itself, (a) cause the 2008 Certificates or the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in effect at the time of such proposed sale, transfer, liquidation or prepayment or (b) adversely affect the conclusions expressed in the supplemental opinion of such firm rendered to the underwriter of the Bonds to the effect that upon making the deposits into the Escrow Fund the lien and pledge of the 2008 Trust Agreement was defeased (the "Defeasance Opinion"), and (ii) a certificate of _____ (the "Verification Agent") to the effect that such sale, transfer, liquidation or prepayment would not adversely affect the conclusions expressed in its validation letter dated _____, 2014, concerning the sufficiency of amounts in the Escrow Fund for purposes of paying debt service and prepayment costs on the 2008 Certificates (the "Verification Report"). For purposes of these Instructions, references to the Verification Agent shall mean the firm of such name, its successor entities, or such other firm of certified public accountants as shall be selected by the District. . Upon any such sale, transfer, liquidation or prepayment prior to maturity, the Escrow Agent shall hold and invest moneys therefrom pursuant to Article IV hereof.

1.4 Release of Pledge. By its acceptance of these Instructions, the District acknowledges that the provisions of Section 9.01 of the 2008 Trust Agreement and Section 6.03 of the 2008 Installment Purchase Agreement have been satisfied. Upon receipt of the Verification Report, and upon receipt of an opinion of Nossaman LLP, addressed to the Escrow Agent to the effect that the lien established by the 2008 Trust Agreement and the 2008 Installment Purchase Agreement are discharged and the pledge and lien upon the Net Revenues is terminated in accordance with the terms of the 2008 Trust Agreement and the 2008 Installment Purchase Agreement, the Escrow Agent hereby acknowledges and confirms that the lien established by the 2008 Trust Agreement and the 2008 Installment Purchase Agreement is discharged and the pledge and lien upon the Net Revenues is terminated in accordance with the terms of the 2008 Trust Agreement and the 2008 Installment Purchase Agreement.

1.5 Excess Funds to District. Upon the written request of the District, the Escrow Agent shall pay over to the District from time to time any funds held by the Escrow Agent in the Escrow Fund upon written request of the District, provided that the Escrow Agent shall not transfer any such funds from the Escrow Fund unless it shall first have received: (i) an opinion from nationally recognized bond counsel to the effect that such payment to the District would not, in and of itself, (a) cause the 2008 Certificates or the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and

the regulations thereunder in effect at the time of such proposed payment or (b) adversely affect the conclusions expressed in the Defeasance Opinion, and (ii) a certificate of the Verification Agent to the effect that such payment would not adversely affect the conclusions expressed in the Verification Report.

1.6 Notice of Defeasance. Upon the purchase of the Escrowed Securities, the Escrow Agent shall mail a notice of defeasance of the 2008 Certificates to the owners thereof, which notice of defeasance shall be substantially in the form attached hereto as Schedule C.

II. Irrevocability.

These Instructions shall be irrevocable and may not be amended or modified unless for the purpose of (A) curing any ambiguity or omission relating to these Instructions or of curing, correcting or supplementing any defective provision contained herein; (B) adding to or supplementing the rights of the owners of the 2008 Certificates; or (C) severing any portion of these Instructions deemed to be illegal and the Escrow Agent first shall have received: (i) an opinion from nationally recognized bond counsel to the effect that such amendment or modification is in compliance with the requirements of this Section II and would not, in and of itself, (a) cause the 2008 Certificates or the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in effect at the time of such proposed amendment or modification or (b) adversely affect the conclusions expressed in the Defeasance Opinion, and (ii) a certificate of the Verification Agent to the effect that such modification or amendment would not adversely affect the conclusions expressed in the Verification Report.

Except as otherwise provided herein, the owners of the 2008 Certificates shall have an express lien on all funds and amounts, and all earnings thereon and accretions thereto, on deposit in the Escrow Fund with the Escrow Agent in accordance with these Instructions until used and applied in accordance herewith.

III. Liability.

The liability of the Escrow Agent and the 2008 Trustee for the payment of moneys as hereinabove set forth respecting the payment of the debt service on and the prepayment of the 2008 Certificates shall be limited solely to the moneys on deposit with the Escrow Agent in the Escrow Fund pursuant to these Instructions, including but not limited to the principal of and interest on the securities and other moneys set forth in Schedule A hereto, available for such purposes. Neither the Escrow Agent nor the 2008 Trustee shall be liable for any loss whatsoever resulting from, nor be required to make up any deficiency with respect to, any investment made pursuant to these Instructions in compliance with the provisions hereof.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (the "Escrow Agent Directions") given pursuant to these Instructions and delivered using Electronic Means ("Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Escrow Agent Directions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give Escrow Agent Directions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Escrow Agent Directions, the Escrow Agent's understanding of such Escrow Agent Directions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Escrow Agent Directions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Escrow Agent Directions to the Escrow Agent and that the District and all Authorized 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 District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Escrow Agent Directions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Escrow Agent Directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Escrow Agent Directions, 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 Escrow Agent Directions to the Escrow Agent and that there may be more secure methods of transmitting Escrow Agent Directions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Escrow Agent Directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall be afforded the same rights, protections and limitations on liability hereunder as provided to it as trustee under Article VII of the 2008 Trust Agreement.

The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within

30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

No provision of this Escrow Instructions shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

IV. Investments.

In the event that the Escrow Agent shall receive, either upon maturity or prepayment of securities set forth in Schedule A or otherwise, moneys into any of the funds and accounts held hereunder which are not immediately disbursed for payment of debt service on the 2008 Certificates, the Escrow Agent shall hold such moneys for the benefit of the owners of the 2008 Certificates. Any such moneys received with respect to the maturity or prepayment of securities set forth in Schedule A shall be kept in the Escrow Fund uninvested or, upon the written direction of the District, which direction shall certify that the investments meet the requirements of this Section IV, invest in direct, non-callable obligations of the United States of America or non-callable bonds or other obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America ("Permitted Securities"). The maturity date of any Permitted Security must be no later than the payment date on which funds are needed for payment of debt service on the 2008 Certificates in accordance with these Instructions and as shown in the Verification Report. If Permitted Securities meeting the requirements of these Instructions are unavailable, or if the District fails to give the Escrow Agent instructions, the Escrow Agent shall hold such amounts uninvested.

All earnings on funds and amounts in the Escrow Fund shall be deposited in, deemed a part of, and invested in accordance with the terms of these Instructions applicable to, such Escrow Fund.

The District shall not direct the Escrow Agent to purchase securities at a price above the then prevailing fair market value of such security in order to artificially reduce the yield to the allowed yield. The District may direct the Escrow Agent at any time to hold the money involved uninvested or purchase United States Treasury Securities - State and Local Government Securities, to the extent available, bearing interest at a rate equal to or less than the allowed yield and as shown in the Verification Report and maturing no later than the date on which such moneys are needed for payment of debt service on the 2008 Certificates in accordance with these Instructions and as shown in the applicable verification letter of the Verification Agent.

Under no circumstances shall the District cause or direct any initial investment, subsequent investment or reinvestment of the securities or moneys in the Escrow Fund to be made in such a manner as to result in the loss of exclusion from gross income for federal income tax purposes of interest with respect to the 2008 Certificates or the Bonds.

The District's direction to the Escrow Agent to substitute or reinvest the securities or moneys in the Escrow Fund shall be accompanied by (i) an opinion from nationally recognized

bond counsel to the effect that such sale, transfer, liquidation or prepayment would not, in and of itself, cause the 2008 Certificates to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in effect at the time of such proposed sale, transfer, liquidation or prepayment, and (ii) a new verification report from the Verification Agent or independent certified public accountants' firm to the effect that after such reinvestment or substitution, the amounts in the Escrow Funds shall remain sufficient for purposes of paying debt service and prepayment costs on the 2008 Certificates.

V. Fees.

The District shall pay to the Escrow Agent its fees for its services hereunder and reimburse the Escrow Agent for its reasonable expenses incurred hereunder. The Escrow Agent shall not have any lien whatsoever upon any of the moneys in the Escrow Fund, or otherwise deposited in accordance with these Instructions, for the payment of fees and expenses for services rendered by it hereunder.

The District covenants and agrees to indemnify and save the Escrow Agent and its officers, directors, agents and employees, harmless against any and all claims, losses, expenses (including reasonable attorney fees and disbursements) and liabilities which it may incur arising out of or in the exercise and performance of its duties hereunder, but excluding any and all claims, losses, expenses and liabilities which are due to the negligence or willful misconduct of the Escrow Agent, its officers, directors, or employees. The obligations of the District under this Section V shall survive the removal or resignation of the Escrow Agent and payment of the 2008 Certificates and the discharge of the 2008 Trust Agreement as it relates thereto.

VI. Defeasance.

Upon deposit of the amounts set forth in Section 1.2 hereof, all obligations of the District under the 2008 Trust Agreement and all security provided by the 2008 Trust Agreement for the 2008 Certificates shall cease and terminate, excepting only the obligations of the District to pay, or cause to be paid, principal of and premium, if any, and interest on the 2008 Certificates from the deposit made by the District pursuant to Section 1.2 hereof, and the District's obligation to indemnify the 2008 Trustee pursuant to the 2008 Trust Agreement. In the event of a deficiency in the funds and amounts in the Escrow Fund for purposes of paying the debt service on the 2008 Certificates, the District shall be under no obligation to make up such deficiency, other than a deficiency resulting from an incorrect calculation by the Verification Agent.

VII. Termination.

These Instructions shall, except as set forth in Section V hereof, terminate and be of no further force and effect when all transfers required to be made by the Escrow Agent under the provisions hereof shall have been made, and all payments with respect to the 2008 Certificates shall have been effected.

From and after December 1, 2018, any remaining moneys on deposit in the Escrow Fund established and held pursuant to these Instructions, except for amounts held by the

Escrow Agent to pay the registered owners of 2008 Certificates, after the payment of all amounts owed to the Escrow Agent under Section V hereof, shall be remitted by the Escrow Agent (without liability for interest) to the District without further claim therefor.

VIII. Invalidity; Applicable Law.

If any one or more of the provisions of these Instructions should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of these Instructions. These Instructions shall be construed and governed in accordance with the laws of the State of California.

IX. Binding Effect; Successors.

These instructions shall be binding upon and shall inure to the benefit of the parties hereto and the owners of the 2008 Certificates and their respective successors and assigns. The owners of the Bonds shall have no lien whatsoever on moneys representing principal of or interest on the investments held by the Escrow Agent in accordance with these Instructions. Whenever in these Instructions any party is named or referred to, such reference shall be deemed to include such party's successors or assigns, and all instructions contained in these Instructions to, by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

X. Counterparts.

These Instructions may be executed, approved and acknowledged in several counterparts, all or any one of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

XI. Duties of the Escrow Agent; Protection.

The Escrow Agent shall perform only such duties as are specifically set forth in these Instructions.

IN WITNESS WHEREOF, the District has issued these Instructions, and the Escrow Agent and the Trustee have acknowledged and accepted these Instructions.

ROWLAND WATER DISTRICT

By: _____
Authorized Officer

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Agent and 2008 Trustee**

By: _____
Authorized Officer

**SCHEDULE A
INVESTMENTS TO BE MADE BY ESCROW AGENT**

<u>TYPE</u>	<u>MATURITY DATE</u>	<u>PAR AMOUNT</u>	<u>COUPON</u>
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SCHEDULE A

SCHEDULE B
DESCRIPTION OF TRANSFERRED INVESTMENTS

- A. Transfer to Escrow Fund: \$_____:
- (i) From proceeds of the Bonds: \$_____;
 - (ii) From proceeds of the 2008 Reserve Fund: \$_____ and
 - [(iii) From 2008 Installment Payment Fund: \$_____].

B. All remaining amounts relating to the 2008 Certificates shall be transferred to the Trustee for deposit in the Payment Fund established for the Bonds.

**SCHEDULE C
NOTICE OF DEFEASANCE**

**Notice of Owners of Outstanding
Rowland Water District Certificates of Participation
(Recycled Water Project), Series 2008**

NOTICE IS HEREBY GIVEN that the Rowland Water District (the "District") has on _____, 2014, from the proceeds of sale of refunding obligations issued by the District, irrevocably set aside in an Escrow Fund created for such purpose and held by The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as Escrow Agent (the "Escrow Agent"), pursuant to Escrow Instructions, dated as of September 1, 2014 (the "Escrow Instructions"), between the District and the Escrow Agent, moneys which, when added to the investment earnings therefrom, shall be sufficient, as evidenced by the verification report delivered to the Escrow Agent, on which it is relying (a) to pay at maturity or on the prepayment date, as applicable, the principal amount due with respect to the above referenced certificates of participation (the "2008 Certificates"), outstanding in the maturities identified on Schedule I hereto, and (b) to pay interest accrued but unpaid with respect to all such 2008 Certificates to such maturity date, scheduled interest payment date or date of prepayment.

The moneys so deposited in the Escrow Fund (including the earnings derived from the investment thereof) are irrevocably pledged to the payment of principal or redemption price of and interest on the 2008 Certificates. Said moneys have been invested in obligations for the payment of which the full faith and credit of the United States of America is pledged and which bear interest and mature on such dates as to insure the payment of all principal, premium, as applicable, and interest on the 2008 Certificates.

Dated: _____, 2014

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Bank**

**SCHEDULE I
TO
SCHEDULE C**

2008 CERTIFICATES TO BE PAID FROM THE ESCROW FUND

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP®</u>
2014	\$ 330,000	5.00%	779648 AF1
2015	345,000	5.00	779648 AG9
2016	365,000	5.50	779648 AH7
2017	385,000	5.00	779648 AJ3
2018	405,000	5.00	779648 AK0
2019 ⁽¹⁾	425,000	5.25	779648 AL8
2020 ⁽¹⁾	450,000	5.50	779648 AM6
2021 ⁽¹⁾	475,000	5.75	779648 AN4
2022 ⁽¹⁾	505,000	5.75	779648 AP9
2023 ⁽¹⁾	530,000	5.50	779648 AQ7
2024 ⁽¹⁾	565,000	5.75	779648 AR5
2025 ⁽¹⁾	595,000	5.75	779648 AS3
2029 ⁽¹⁾	2,770,000	6.000	779648 AW4
2035 ⁽¹⁾	5,725,000	6.500	779648 BC7
2039 ⁽¹⁾	5,235,000	6.250	779648 BG8

(1) To be prepaid on December 1, 2018.

CONTINUING DISCLOSURE
AGREEMENT

§
**ROWLAND WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2014A**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of September 1, 2014, is executed and delivered by the Rowland Water District ("District") and Urban Futures, Inc. (the "Dissemination Agent"), as dissemination agent in connection with the execution and delivery of the above-entitled bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of September 1, 2014 (the "Indenture") between the District and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Reports provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Disclosure Representative" shall mean the General Manager or Assistant General Manager of the District, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Urban Futures, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Fiscal Year" shall mean the twelve month period beginning on July 1 of each year and ending on June 30 of such year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean the MSRB.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, annually not later than two hundred seventy (270) days after the end of the District's fiscal year, commencing with the report for the fiscal year ending June 30, 2014, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent. In each case, the 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 Agreement. The information contained or incorporated in each Annual Report shall be for the Fiscal Year which ended on the preceding June 30. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certifications of the District and shall have no liability, duty or obligation whatsoever to review any such Annual Report. Further, the Dissemination Agent shall have no liability for the contents of any such annual report.

(b) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date specified in subsection (a), the Dissemination Agent shall send a notice to the MSRB, in substantially the form attached as Attachment A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) provide notice to the District that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the most recent audited financial statements of the District prepared in accordance with generally accepted accounting principles promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District'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 become available. In addition, commencing for the Annual Report for Fiscal Year 2014/15, the Annual Report shall contain an annual updating of the following tables and information contained in the Official Statement:

- (i) Summary of Operations for the Fiscal Year (Table [1]);
- (ii) Ten Largest Potable Water Users (Table [6]);
- (iii) Summary of Changes in Rates and Charges from Prior Fiscal Year;
and
- (iv) Projected Operating Results (for only the fiscal year of such Annual Report) (Table [12])

In addition to any of the information expressly required to be provided under this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than 10 business days after the occurrence of 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. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

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) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
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 an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4, as provided in Section 4(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(f) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing:

(i) Notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent to the extent it has knowledge thereof, unless the District gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) Notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of the affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the District. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment requested by the District, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities law, acceptable to the District and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may, and, at the request of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of the outstanding Bonds, shall (but only to the extent funds in any amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges whatsoever related thereto, including without limitation, fees and expenses of its attorneys), or any Bond owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under said Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The

Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and shall be reimbursed by the District all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not have any duty or obligation to review any information provided to it hereunder or shall be deemed to be acting in any fiduciary capacity for the District, the owners of the Bonds or any other party. The obligations of the District under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any document or any further act.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ROWLAND WATER DISTRICT

By: _____
General Manager

**URBAN FUTURES, INC., as Dissemination
Agent**

By: _____
Authorized Officer

EXHIBIT A

**NOTICE OF MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Rowland Water District
Name of Issue: Water Revenue Refunding Bonds, Series 2014A
Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the Rowland Water District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

URBAN FUTURES, INC., as Dissemination
Agent

By: _____
Authorized Officer

cc: District;

BOND PURCHASE AGREEMENT

PURCHASE CONTRACT
\$XX,000,000
ROWLAND WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2014A

[SALE DATE], 2014

Rowland Water District
3021 S. Fullerton Road
Rowland Heights, CA 91748

Ladies and Gentlemen:

The undersigned, Mitsubishi UFJ Securities (USA), Inc., as underwriter (the "Underwriter"), offers to enter into this Purchase Contract (the "Purchase Contract") with Rowland Water District (the "District"), which, upon acceptance by the District will be binding upon the District and the Underwriter. This offer is made subject to the District's acceptance hereof by execution of this Purchase Contract and delivery to the Underwriter on or before 5:00 p.m. California time on the date hereof, and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the District at any time prior to the acceptance hereof by the District. Any terms used but not defined herein shall have the meaning set forth in the Indenture (defined below).

The District acknowledges and agrees that: (i) the purchase and sale of the Bonds (as defined below) pursuant to this Purchase Contract is an arm's length commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the District and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated by the Purchase Contract and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter have provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated by this Purchase Contract are expressly set forth in this Purchase Contract; and (iv) the District has consulted the District's own financial and/or municipal legal, accounting, tax and other advisors, as applicable, to the extent the District has deemed appropriate.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase, and the District agrees to cause The Bank of New York Mellon Company, N.A., as trustee (the "Trustee"), to authenticate and deliver to the Underwriter all (but not less than all) of the Rowland Water District Water Revenue Refunding Bonds, Series 2014A (the "Bonds"), in the aggregate principal amount of \$XX,000,000 to be dated the Closing Date (as defined below).

The Bonds will be issued pursuant to a Resolution (the "Bond Resolution") adopted by the Board of Directors of the District on ____, 2014, and an Indenture of Trust, dated as of September 1, 2014 (the "Indenture"), between the District and the Trustee. The Underwriter shall have no obligation under this Purchase Contract to purchase less than all of the aggregate principal amount of Bonds.

The purchase price for the Bonds shall be \$ _____ (the principal amount of the Bonds plus net original issue premium of \$ _____ less an underwriting discount of \$ _____). The Bonds shall be payable in the principal amounts and shall bear interest at the rates, set forth in Exhibit A hereto. The Purchase Price for the Bonds shall be payable by the Underwriter to the District on the Closing Date.

The Bonds shall be substantially in the form described in, shall be issued under the provisions of, and shall be payable and subject to prepayment as provided in, the Indenture, all as described in the Official Statement relating to the Bonds dated the date hereof. The proceeds of the Bonds will be used by the District for the purposes set forth in the hereinafter mentioned Official Statement.

The obligation of the District to pay the principal of and interest on Bonds is a special obligation of the District, payable solely from Net Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. The principal of and interest on the Bonds are not required to be paid from any other funds of the District, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the District or the State of California (the "State") or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

(b) The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, dated _____, 2014 relating to the Bonds (together with the cover page and all appendices thereto, the Preliminary Official Statement"), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Bond Resolution, the Indenture, the Continuing Disclosure Agreement (as defined below) and this Purchase Contract and all information contained therein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The District has heretofore "deemed final" the Preliminary Official Statement within the meaning of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

(c) The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the cover page of the Official Statement of the District pertaining to the Bonds, dated [SALE DATE], 2014 (the Official Statement, together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the "Official Statement"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the

Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(d) The District shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the last day of the Underwriting Period as determined in accordance with (f) below. The Official Statement shall be provided for distribution, at the expense of the District, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date (hereinafter defined), in order to permit the Underwriter to comply with Rule 15c2-12 of the Securities and Exchange Commission, and the applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"), with respect to distribution of the Official Statement. The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The District further agrees to provide the Underwriter with the advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide such electronic copy of the word-searchable PDF format of the advance refunding documents to the Underwriter no later than four (4) business days after the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

(e) The Official Statement, as of its date, as of the Closing Date and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) If, after the date of this Purchase Contract and until the earlier of (i) ninety (90) days after the end of the "underwriting period" (as defined in Rule 15c2-12) (the "Underwriting Period"), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the District has knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter (and for the purpose of this Section 1(f) provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the District or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the District will, at its expense, supplement or amend the Official Statement in a form and manner jointly approved

by the District and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter promptly agrees that it will notify the District of the end of the Underwriting Period.

(g) At 8:30 a.m., Pacific Time, on _____, 2014, or at such other time or business date as shall be agreed upon by the Underwriter and the District (such time and date being herein referred to as the "Closing Date"), the District will deliver to the Underwriter:

(i) the Bonds, in book-entry form, through the facilities of the Depository Trust Company or its agent, (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the District as provided in the Indenture; and

(ii) the other documents herein mentioned at the offices of Nossaman LLP, in Irvine, California or another place to be mutually agreed to by the District and the Underwriter and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this section in immediately available funds (such delivery and payment being herein referred to as the "Closing").

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

(h) The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing Date:

(i) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it;

(ii) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as the underwriter with respect to securities of the District;

(iii) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship; and

(iv) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 10(e)(10) hereof is sufficient to effect compliance with Rule 15c2-12.

2. Representations, Warranties and Agreements of the District. The District hereby represents and warrants to and agrees with the Underwriter that:

(a) It is duly organized and validly existing as a county water district organized and existing under and by virtue of the Constitution and the laws of the State;

(b) The Board of Directors of the District has duly and validly adopted the Bond Resolution, entered into this Purchase Contract, the Indenture and the Continuing Disclosure Agreement, currently dated as of September 1, 2014, as required by the Rule, and substantially in the form of Appendix D to the Official Statement (the "Continuing Disclosure Agreement"), between the District and The Bank of New York Mellon Company, N.A., acting as dissemination agent thereunder (such resolutions and agreements being collectively referred to as the "District Documents") and has duly authorized and approved the delivery and use of the Preliminary Official Statement, the execution, delivery and use of the Official Statement, the execution and delivery of the other District Documents, the Bonds and the performance by the District of its obligations contained therein, and the taking of any and all action on its part as may be necessary to carry out, give effect to and consummate the transactions on the part of the District contemplated by each of said documents;

(c) At the date hereof, the District has the full legal right, power and authority (i) to execute, deliver and perform its obligations under this Purchase Contract and the other District Documents and to carry out all other transactions on its part contemplated hereby and under the Bond Resolution and the Indenture, (ii) to sell and deliver the Bonds to the Underwriter pursuant to this Purchase Contract and the Indenture as provided herein, and (iii) to carry out, give effect to and consummate the transactions on its part contemplated by the District Documents;

(d) The District is, and at the Closing Date will be, in compliance, in all respects, with its obligations under the District Documents;

(e) The District, to the best of its knowledge, is not in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party (including but not limited to the Bond Resolution and the Parity Obligations (as such term is defined in the Indenture)), or is otherwise subject or bound, which breach or default could have a material adverse effect on the ability of the District to perform its obligations under the Bonds or the District Documents;

(f) The adoption by the Board of Directors of the District of the Bond Resolution, and the execution and delivery by the District of the District Documents, and compliance by the District with the provisions hereof and thereof, will not, to the best of the knowledge of the District, conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound, including but not limited to the Parity Obligations; and the adoption of the Bond Resolution, the delivery of the Bonds, and the execution and delivery of the District Documents, any other applicable agreements and the other instruments contemplated by any of such documents to which the District is a party, and compliance with the provisions of each thereof and of the Bond Resolution, will not, to the best of the knowledge of the District, conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America,

or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound, including but not limited to the Bond Resolution and the Parity Obligations;

(g) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance of, or the absence of which would materially adversely affect the District's ability to perform, its obligations hereunder, or under the other District Documents or the Bonds, have been obtained and are in full force and effect; provided that no representation is made as to any necessary "blue sky" filings;

(h) The Bonds, the District Documents and other applicable documents conform as to form and tenor to the descriptions thereof contained in the Official Statement and when executed by the Trustee in accordance with the Indenture and delivered to and paid for by the Underwriter on the Closing Date as provided herein the Bonds will be validly executed, delivered and entitled to all the benefits of the Indenture;

(i) The District has deemed the Preliminary Official Statement to be final as of the date of the Preliminary Official Statement, as required by the Rule. As of the date thereof and at all times up to the Closing Date, the information contained in the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If between the date of this Purchase Contract and the end of the Underwriting Period an event occurs, of which the District has knowledge, which might or would cause the information relating to the District or the District's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading, the District will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred for such preparation will be paid for by the District;

(k) No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or to the knowledge of the officers of the District executing this Purchase Contract, is threatened in any way, affecting the existence of the District or the titles of the District's officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Resolution, the Indenture, or the collection or application of the Revenues or the proceeds thereof pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the District Documents, or any action of

the District contemplated by any of said documents relating to the Bonds or the Revenues, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the District or its authority with respect to the Bonds, the District Documents, or any action of the District contemplated by any of said documents, or which would adversely affect the exemption of interest paid on the Bonds from California personal income taxation, nor to the knowledge of the officer of the District executing this Purchase Contract is there any basis therefor;

(l) The District 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 for the Underwriter 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; provided, however, the District shall not be required to register as a dealer or a broker of securities or consent to service of process or register as a foreign corporation in any such state or jurisdiction;

(m) Any certificate signed by any official of the District authorized to do so and delivered by the District to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein;

(n) The District is not in default, nor has it been in default at any time, as to the payment of principal or interest with respect to an obligation of the District (including but not limited to the Parity Obligations) or on an obligation guaranteed by the District as guarantor or successor of a guarantor, which default has or could have a material adverse affect on the ability of the District to perform its obligations under the Bonds or the District Documents;

(o) The District is not presently and as a result of the execution of the Indenture and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the District is a party or to which the District is bound (including but not limited to the Parity Obligations);

(p) The District will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Bond Resolution and the Indenture; and

(q) The District has not, in the last five years, failed to comply in any material respect in its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2-12. The District will undertake, pursuant to the Continuing Disclosure Agreement to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. A form of the Continuing Disclosure Agreement is set forth as Appendix D to the Official Statement.

3. Conditions to the Obligations of the Underwriter.

(a) The Underwriter has entered into this Purchase Contract in reliance upon the representation and warranties, and agreements of the District herein and in the documents and instruments to be delivered at the Closing and upon the performance by the District of its

obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the performance by the District of its obligations to be performed hereunder and under such documents and instruments referenced herein to be delivered at or prior to the Closing, and shall also be subject to the following conditions (the "Closing Conditions"):

(b) The Underwriter shall have received at the Closing counterpart originals, or certified copies, of the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) the Official Statement, executed on behalf of the District by the General Manager or such other official as may be approved by the Underwriter;

(ii) the Bond Resolution, together with certificates of the Secretary and of the District dated as of the Closing Date, to the effect that the Bond Resolution is a true, correct and complete copy of the one duly adopted by the District and that it has not been amended, modified or rescinded (except as may have been agreed to by the Underwriter) and is in full force and effect as of the Closing Date;

(iii) a copy of each District Document, executed by the parties thereto;

(iv) One counterpart original or copy certified by a duly authorized officer of the District of a complete transcript of all proceedings of the District relating to the approval of the District Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the Closing Date of a duly authorized officer of the District to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the District and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the Closing Date;

(v) An approving opinion, dated the Closing Date and addressed to the District, of Bond Counsel, in form and substance as attached as "APPENDIX C" to the Official Statement, together with a reliance letter addressed to the Underwriter;

(vi) The opinion, dated the Closing Date, and addressed to the Underwriter, of General Counsel to the District, substantially in the form attached hereto as Exhibit B;

(vii) The opinion, dated the Closing Date and addressed to the Underwriter, of counsel to the Trustee, in form and substance satisfactory to the Underwriter and Bond Counsel;

(viii) A certificate of the Trustee, dated the Closing Date to the effect that:

(a) the Trustee is duly organized and validly existing as a national banking association in good standing under the laws of the United States, having the full power and authority to enter into and perform its duties under

the Indenture and the Continuing Disclosure Agreement (collectively, the "Trustee Documents") and to authenticate and deliver the Bonds to the Underwriter pursuant to the Indenture;

(b) the Trustee is duly authorized to enter into the Trustee Documents, and when the Indenture is duly executed and delivered by the respective parties thereto, to authenticate and deliver the Bonds to the Underwriter pursuant to the Indenture;

(c) to the best of the knowledge of the Trustee, no consent, approval, authorization or other action by any governmental or regulatory agency having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Bonds or the performance by the Trustee of its duties under the Trustee Documents, except as such may be required under the state securities or "blue sky" laws in connection with the distribution of the Bonds by the Underwriter;

(d) to the best of the knowledge of the Trustee, the execution and delivery by the Trustee of the Trustee Documents and the authentication and delivery of the Bonds, and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any Federal or state securities or "blue sky" laws or regulations), or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee;

(e) to the best of the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served upon or threatened against or affecting the existence of the Trustee or seeking to prohibit, restrain or enjoin the authentication and delivery of the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Trustee Documents or contesting the powers of the Trustee to enter into and perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby, or which, in any way, would adversely affect the validity of the Bonds, the Trustee Documents or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby; and

(f) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(ix) Evidence of compliance with the parity obligation provisions contained in the installment purchase contract securing the 2012 Bonds, as described and defined in the Official Statement;

(x) [Evidence that Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business, has provided a rating of "___" on the Bonds, and that such rating continues in effect as of the Closing Date;]

(xi) A copy of the Report of Proposed Debt Issuance and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

(xii) A copy of the Escrow Instructions executed by the Trustee and District;

(xiii) A defeasance opinion of Bond Counsel, dated the Closing Date, with respect to the Prior Obligations;

(xiv) An opinion of counsel to the Underwriter, dated the date of the Closing in the form satisfactory to the Underwriter;

(xv) A supplemental opinion and a disclosure counsel opinion, both dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the collective effect that:

(a) The statements contained in the Official Statement under the captions "INTRODUCTION – General," and "– Security for the Bonds," "THE BONDS," "SECURITY FOR THE BONDS" and "TAX MATTERS" and in APPENDIX A – "SUMMARY OF THE INDENTURE," insofar as such statements purport to summarize certain provisions of the Bonds and certain provisions of the Bond Resolution and the Indenture and the opinion of such counsel with respect to certain federal and state income tax matters related to the Bonds, are accurate in all material respects;

(b) 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;

(c) The Purchase Contract has been duly authorized, executed and delivered by the District and (assuming due authorization, execution and delivery by the Underwriter) constitutes a valid and binding agreement of the District enforceable according to its terms, subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other law affecting the enforcement of creditors' rights generally; and

(d) Based upon their participation in conferences in the course of preparation of the Official Statement, and in reliance on such conferences and on the Bonds, opinions and other documents mentioned in such opinion, no

facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, statistical or economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, technology, real estate or environmental matters, the appendices thereto or any information about The Depository Trust Company and the Book-Entry System, which such firm expressly excludes from the scope of this paragraph and as to which such firm need express no opinion or view) 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 light of the circumstances under which they were made, not misleading.

(xvi) A certificate, dated the Closing Date and signed by an authorized officer of the District, certifying that (i) the representations and warranties of the District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the District which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect; (iii) the District has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under this Purchase Contract, the Bond Resolution, the Indenture and the Parity Obligations at and prior to the Closing; and (iv) certifying that the District has authorized and consented to the inclusion in the Official Statement of the District's financial report and accountant's opinion for the year ended June 30, 2013, and no further consent of any party is required for such inclusion;

(xvii) A verification report of [Causey, Demgen & Moore, Inc., Denver, Colorado,] certified public accountants as described in the Official Statement;

(xviii) Consent of _____, certified public accountants, in form and substance satisfactory to the Underwriter and Bond Counsel, to the inclusion of the audited financial statements of the District as Appendix B to the Preliminary Official Statement and Official Statement or evidence satisfactory to the Underwriter and Bond Counsel that the consent thereof is not required; and

(xix) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Official Statement, of the District's representations and warranties contained herein and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated on its part hereby and by the Indenture and the Official Statement.

If any of the conditions to the obligations of the Underwriter contained in this section or elsewhere in this Purchase Contract shall not have been satisfied when and as required herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the District.

(c) Termination.

The Underwriter may terminate its obligation to purchase the Bonds at any time before the Closing Date if the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(i) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amend, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iii) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the

extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(iv) A general banking moratorium shall have been established by federal, New York or California authorities; or

(v) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vi) The occurrence of an adverse event in the affairs of the District which, in the opinion of the Underwriter, materially impairs the investment quality of the Bonds; or

(vii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the District, its property, income or securities (or interest thereon), or the ability of the District to issue the Bonds and pledge the Net Revenues as contemplated by the Bond Resolution and the Indenture and the Official Statement; or

(viii) There shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereto; or

(ix) There shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the District, other than changes in the ordinary course of business or activity or in the normal operation of the District, or in the course of construction of the District contemplated by the Official Statement, except as described in the Official Statement; or

(x) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder;

and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

5. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the District shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the District's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the District Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; the cost of preparation of any "blue sky" or legal investment memoranda; and the fees and disbursements of Bond Counsel, Disclosure Counsel, Underwriter's Counsel, any accountants, financial advisors or other engineers or experts or consultants the District has retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the District'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.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the District shall be under no obligation to pay, and the District shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission.

6. Notices.

Any notices, requests, directions, instruments or other communications required or permitted to be given hereunder shall be in writing and shall be given when delivered, against a receipt, or mailed certified or registered, postage prepaid, to the District and the Underwriter at their respective addresses below:

If to the District:	Rowland Water District 2100 Olsen Road Thousand Oaks, CA 91360-6800 Attention: General Manager
---------------------	---

If to the Underwriter:	Mitsubishi UFJ Securities 400 California Street, 11th Floor San Francisco, CA 94106 Attn: Marc Hughes
------------------------	--

provided, however, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The District and the Underwriter may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

7. Parties in Interest.

This Purchase Contract is made solely for the benefit of the District and the Underwriter (including successors of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties.

The representations and warranties of the District set forth in or made pursuant to this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the District and regardless of delivery of and payment for the Bonds.

9. Role of Underwriter.

The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction between the District and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the District.

10. Effective Date.

This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and the Underwriter and shall be valid and enforceable as of the time of such acceptance.

11. Applicable Law; Nonassignability.

This Purchase Contract shall be governed by the laws of the State of California. This Purchase Contract shall not be assigned by either party hereto.

12. Execution of Counterparts.

This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same.

13. No Prior Agreements.

This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the District and represents the entire agreement of the parties as to the subject matter herein.

14. Partial Unenforceability.

Any provision of this Purchase Contract which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Contract or affecting the validity or enforceability of such provision in any other jurisdiction.

Very truly yours,

mitsubishi
MITSUBISHI UFJ SECURITIES (USA),
INC., as Underwriter

By: _____
Authorized Officer

ACCEPTED:

ROWLAND WATER DISTRICT

By: _____
Authorized Officer

EXHIBIT A

ROWLAND WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2014A

\$ __,000,000 Serial Bonds

<u>Maturity Date</u> <u>(December 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			

\$ _____ .00% Term Bonds Due December 1, 2039 Price 100%

EXHIBIT B

[Form Opinion of District Counsel]
[Place on District Counsel Letterhead]

June _____, 2014

Rowland Water District
2100 Olsen Road
Thousand Oaks, CA 91360-6800

Mitsubishi UFJ Securities
400 California Street, 11th Floor
San Francisco, CA 94106

Nossaman LLP
18101 Von Karman Avenue, Suite 1800
Irvine, California 92612

Re: \$XX,000,000 Rowland Water District Water Revenue
Refunding Bonds, Series 2014A

Ladies and Gentlemen:

We serve as District Counsel for the Rowland Water District (the "District"). This letter (the "Opinion") is delivered pursuant to the Purchase Contract, dated June ____, 2014 (the "Purchase Contract"), between the District and Mitsubishi UFJ Securities (USA), Inc. (the "Underwriter"), providing for the purchase of the above-entitled bonds (the "Bonds"). All capitalized terms not otherwise defined herein shall have the meaning given in the Indenture of Trust, dated as of September 1, 2014 (the "Indenture"), between the District and The Bank of New York Mellon Company, N.A. (the "Trustee"), as trustee.

In our capacity as general counsel to the District, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, records and proceedings as we have deemed necessary or appropriate for the purposes of this Opinion.

Whenever our opinion or any statement herein is qualified by the phrase "to our knowledge," "to the best of our knowledge," or words of similar import, such phrase signifies that, in the course of our representation of the District, no facts or information have come to our attention that would give us actual knowledge or actual notice that any such statement, opinion, or other matter is not accurate. Except as otherwise stated in this Opinion, we have undertaken no investigation or verification to

determine the existence or absence of such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from the fact of our representation or any other matter. Further, any such phrases as used in this Opinion are intended to be limited to our actual knowledge. As to questions of fact material to this Opinion, we have relied upon representations of the District contained in the District Documents and in the certified proceedings and other certifications of public officials and of the District, furnished to us, without undertaking to verify the same by independent investigation.

In connection with the issuance of the Bonds, it is our opinion that:

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

(ii) the preparation and distribution of the Preliminary Official Statement and the Official Statement have been duly approved by the District;

(iii) the resolution of the District (the "Bond Resolution") approving and authorizing the execution and delivery of the Official Statement, the Indenture, the Purchase Contract and the Continuing Disclosure Agreement, dated as of September 1, 2014 (the "Continuing Disclosure Agreement") (collectively, the "District Documents"), and the Official Statement relating to the Bonds, has been duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such Bond Resolution is in full force and effect and has not been amended, modified or rescinded;

(iv) except as disclosed in the Preliminary Official Statement and Official Statement, no litigation or other proceedings are pending or, to our actual knowledge, threatened in any way or manner (1) restraining or enjoining, or seeking to restrain or enjoin, the sale, issuance or delivery of any of the Bonds; (2) contesting or affecting the validity or enforceability of the District Documents, the Bonds, the pledge by the District of the Net Revenues under the Indenture, or other security provided under the Indenture, any proceedings of or on behalf of the District taken with respect to the sale, execution or delivery of the Bonds, the execution of the District Documents or the adoption of the Bond Resolution, the existence or powers of the District relating to the sale, execution or delivery of the Bonds; (3) questioning (a) the proceedings or authority for the authorization, sale, execution or delivery of the Bonds; (b) any provision made or authorized for the payment of the Bonds; (c) the organization or corporate existence or operations of the District, or the title of its officers to their respective offices; or (d) the power of the District to undertake any other transactions contemplated by the Official Statement; or (4) which would have a material adverse effect upon the District relating to the Bond Resolution, the Indenture or the Bonds, to the contemplated use of the proceeds thereof or the transactions contemplated by the Official Statement;

(v) to the best of our knowledge, the execution and delivery of the District Documents and the approval of the Official Statement, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject;

(vi) the District Documents have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California; and

(vii) nothing has come to our attention which would lead us to believe that the information relating to the District or the Enterprise (other than any financial or statistical information, with respect to which no opinion is being given) contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

As general counsel to the District, our opinions are limited to the specific opinions expressed herein, and no further opinions are intended to be, or should be, inferred therefrom. This Opinion is delivered and effective only as of the date hereof, and we expressly decline any undertaking to advise you of any matters arising subsequent to the date hereof which would cause us to modify or amend the foregoing opinions, in whole or in part.

This Opinion is furnished by us solely for your benefit, upon the understanding that we are not hereby assuming any professional responsibility to any other person whatsoever other than the addressees hereto. This Opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose without our express written permission; provided, however, a copy may be included in the transcript of the proceedings for the Bonds.

Very truly yours,

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2014

NEW ISSUE - FULL BOOK ENTRY ONLY

RATINGS: S&P-"____"
(See "RATING" herein)

In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxable income, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$ _____
**ROWLAND WATER DISTRICT
 WATER REVENUE REFUNDING BONDS
 SERIES 2014A**

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2014 (the "Indenture") between the Rowland Water District (the "District") and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California (the "Trustee"), and will be secured as described herein. The Bonds are being issued (i) to provide funds to refinance certain obligations of the District, and (ii) to pay certain costs of issuing the Bonds. Definitions of certain capitalized terms herein are contained in APPENDIX A hereto, and are incorporated herein by reference.

The Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Interest on the Bonds will be payable on December 1 and June 1 of each year, commencing December 1, 2014, and principal of the Bonds will be paid on the dates set forth in the Maturity Schedule on inside cover hereof. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of \$5,000 or in any integral multiples of \$5,000. Payments of principal and interest will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Payment of principal of and interest on the Bonds (the "Debt Service Payments") are payable from Net Revenues of the District's water system (the "Enterprise"). The Debt Service Payments are a special limited obligation of the District, payable from and secured by a pledge of and first lien on all Net Revenues, subject to the parity lien, if any, of any Parity Obligations

* Preliminary, subject to change.

as provided for in the Indenture (as described herein). **The District is not funding a debt service reserve account for the Bonds.**

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS -- Redemption of the Bonds" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM AND SECURED SOLELY BY THE NET REVENUES PLEDGED THEREFOR IN THE INDENTURE AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON ANY PROPERTY OF THE DISTRICT, OR ANY OF THE DISTRICT'S INCOME OR RECEIPTS, EXCEPT THE NET REVENUES. THE BONDS ARE NOT A DEBT OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS AND NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS ARE PLEDGED TO THE PAYMENT OF THE BONDS, AND THE DISTRICT IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION THEREFOR. NEITHER THE BONDS NOR THE OBLIGATION TO MAKE DEBT SERVICE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The Bonds are offered when, as and if sold and issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, Bond Counsel. Certain legal matters will be passed upon for the District by Janet Morningstar, a Law Corporation, Newport Beach, California, its general counsel, and by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Los Angeles, California. It is anticipated that the Bonds in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2014.

[MITSUBISHI LOGO]

Date:

MATURITY SCHEDULE*

\$ _____ Serial Bonds

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP®</u>
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\$ _____ % Term Bonds Due December 1, _____, Price or Yield: _____% (CUSIP®: _____)

* Preliminary, subject to change.

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ROWLAND WATER DISTRICT

BOARD OF DIRECTORS AND OFFICERS

ROWLAND WATER DISTRICT

Szu-Pei Lu, President
John Bellah, Vice President
Anthony J. Lima, Director
Robert W. Lewis, Director
Teresa Rios, Director

DISTRICT MANAGEMENT

Ken Deck, General Manager
Ted A. Carrera, Assistant General Manager
Tom Coleman, Assistant General Manager
Sean S. Henry, Finance Officer

SPECIAL SERVICES

Bond/Disclosure Counsel
Nossaman LLP
Irvine, California

Financial Advisor
Urban Futures, Inc.
Orange, California

District Counsel
Janet Morningstar, a Law Corporation
Newport Beach, California

Verification Agent

_____, _____

Trustee/Escrow Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Rowland Water District (the "District") or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have not been any changes in the affairs of the District since the date hereof. All summaries of the documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF. THE PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities Exchange Commission Rule 15c2-12.

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OFFICIAL STATEMENT

\$ _____^{*}
**ROWLAND WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2014A**

INTRODUCTION

General

The purpose of this Official Statement of the Rowland Water District (the "District") is to furnish information regarding the issuance and sale of \$ _____^{*} principal amount of Rowland Water District Water Revenue Refunding Bonds, Series 2014A (the "Bonds") pursuant to the provisions of an Indenture of Trust, dated as of September 1, 2014 (the "Indenture") between the District and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The Bonds will be issued pursuant to the provisions of the Indenture and Articles 10 and 11, Chapter 3, Part 1, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended (the "Bond Law").

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS" herein.

The District

The Rowland Water District (the "District") was formed in 1953 for the purpose of operating a water system (the "Enterprise") for residents and businesses located within the boundaries of the District. The District's service area encompasses approximately 17.2 square miles and includes certain unincorporated areas of southeastern Los Angeles County, including portions of Rowland Heights, La Puente, Hacienda Heights, the City of Industry and the City of West Covina. The District contains residential, commercial and industrial development. The District's service area has a population of approximately 60,000, and as of June 30, 2014 provided approximately 13,800 water service connections. The District is governed by a five member Board of Directors, elected for 4-year terms.

For other information concerning the District, see "THE DISTRICT AND THE ENTERPRISE" herein. A copy of the audited financial statements of the District for the year ended June 30, 2013 is attached hereto as APPENDIX B.

Purpose

The Bonds are being issued by the District to (i) together with other available funds of the District, prepay the District's obligations under an Installment Purchase Contract, dated as of December 1, 2008 (the "2008 Installment Purchase Contract") with the CSDA Finance Corporation (the "Corporation"), which obligations secure the District's Rowland Water District Certificates of Participation (Recycled Water Project), Series 2008 (the "Prior Obligations"), delivered in the aggregate principal amount of \$20,545,000, of which \$19,105,000 remains outstanding, and (ii) pay certain costs of issuance of the Bonds (including expenses incurred in connection with the refunding of the Prior Obligations). See "THE REFUNDING PLAN" and

^{*} Preliminary, subject to change.

"ESTIMATED SOURCES AND USES OF FUNDS" herein. The Prior Obligations were issued to finance certain improvements to the Enterprise. See "THE DISTRICT AND THE ENTERPRISE" herein for a description of the District's water system. The District is not funding a debt service reserve account for the Bonds.

Security for the Bonds

The Bonds are payable from, and secured by a lien on, the Net Revenues (as described in "SECURITY FOR THE BONDS - General" herein), and from certain interest and other income derived from certain funds and accounts held under the Indenture. Under the Indenture, the District has irrevocably pledged all Net Revenues to the payment of the Debt Service Payments, subject to the terms and conditions of the Indenture. Revenues are held in the Revenue Fund of the District. See "SECURITY FOR THE BONDS" herein.

The District is authorized to issue additional Parity Obligations secured by the Net Revenues with a lien on a parity basis with the lien of the Bonds, provided it complies with certain provisions in the Indenture. Payment of the Debt Service Payments is on a parity with the obligation of the District to pay installment payments under an Installment Purchase Contract, dated as of November 1, 2012, between the District and the Puente Basin Water Agency (the "Agency") securing the Agency's Puente Basin Water Agency Water Revenue Bonds, 2012 Series A (Rowland Water District Project), originally issued in the principal amount of \$19,835,000, of which \$19,455,000 is currently outstanding (the "2012 Bonds").

The lien of the Bonds is also subject to the parity lien, if any, of any additional obligations (with the 2012 Bonds, the "Parity Obligations") as provided for in the Indenture. See "SECURITY FOR THE BONDS" herein.

Pursuant to the Indenture, the District has covenanted to fix, prescribe and collect certain rates and charges for service provided by the Enterprise. See "SECURITY FOR THE BONDS - Rate Covenant" herein.

No Debt Service Reserve Account

The District is not funding a debt service reserve account for the Bonds, although debt service reserve accounts may be created with respect to the issuance of future Parity Obligations. The owners of the Bonds will not be entitled to amounts on deposit in the reserve accounts established for future Parity Obligations.

Risk Factors

There can be no assurance that the local demand for the services provided by the Enterprise will be maintained at levels described in this Official Statement, or that the District's expenses for operating and maintaining the Enterprise will be consistent with the levels described in this Official Statement. Changes in technology, decreased demand, new regulatory requirements, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand.

See "RISK FACTORS" herein for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment

quality of the Bonds, including a discussion of the impact of Proposition 218, Constitutional limits on fees and charges, seismic considerations, limitation on remedies and changes in law. See also "STATE AND FEDERAL REGULATORY ACTIVITIES AND LITIGATION" herein for a discussion of potential for litigation regarding restoration of salmon in the San Joaquin River, implementation of the San Joaquin River Restoration Settlement Agreement, and other environmental considerations.

Limited Obligations

THE OBLIGATION OF THE DISTRICT TO MAKE PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Forward-Looking Statements

This Official Statement contains forward-looking statements, including (i) statements containing projections of Net Revenues and other financial items, (ii) statements of future economic performance of the Enterprise, and (iii) statements of the assumptions underlying or relating to statements described in (i) and (ii) above, (collectively, the "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation statements under "THE ENTERPRISE" and "SECURITY FOR THE BONDS" regarding the financial position, capital resources and status of the District and the Enterprise are Forward-Looking Statements. Although the District believes that the expectations reflected in such Forward-Looking Statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors which could cause actual results to differ materially from expectations of the District (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All Forward-Looking Statements attributable to the District are expressly qualified in their entirety by the Cautionary Statements.

Summaries Not Definitive

Definitions of certain capitalized terms herein are contained in APPENDIX A hereto, and are incorporated herein by reference. Definitions of certain terms used in this Official Statement, and the summaries of and references contained herein to the Indenture, the Bonds, the Continuing Disclosure Agreement, statutes and other documents do not purport to be comprehensive or definitive and are qualified by reference to each such document, instrument or statute.

Copies of the documents described herein will be available at the office of the District, 3021 So. Fullerton Rd., Rowland Heights, CA 91748.

THE REFUNDING PLAN

The District is selling the Bonds, in part, to provide moneys necessary to refund its obligations under the 2008 Installment Purchase Contract and to defease the Prior Obligations. A portion of the proceeds of the Bonds will be used on the Closing Date to establish an escrow fund (the "Escrow Fund") for the Prior Obligations, to be held in trust by The Bank of New York Mellon Trust Company, N.A., acting as escrow agent for the Prior Obligations (the "Escrow Agent") under Escrow Instructions between the Authority and the Escrow Agent, dated as of September 1, 2014 (the "Escrow Agreement"). Proceeds deposited into the Escrow Fund will be used to purchase obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest ("Government Securities"). Principal of and interest on the Government Securities will be used by the Escrow Agent to pay the debt service on the Prior Obligations until December 1, 2018, and to prepay the outstanding Prior Obligations on December 1, 2018, at a redemption price equal to 100% of the principal amount thereof as specified in the Escrow Agreement. See "ESTIMATED SOURCES AND USES OF FUNDS" and "VERIFICATION OF MATHEMATICAL ACCURACY" herein. Upon deposit of such proceeds and other moneys into the Escrow Fund, the Prior Obligations will no longer be deemed outstanding.

The moneys and securities held by the Escrow Agent are pledged to the payment of the Prior Obligations. Moneys and Government Securities deposited in the Escrow Fund are not available to pay principal of or interest on the Bonds.

PRIOR OBLIGATIONS TO BE PAID FROM THE ESCROW FUND

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> [®]
2014	\$ 330,000	5.00%	779648 AF1
2015	345,000	5.00	779648 AG9
2016	365,000	5.50	779648 AH7
2017	385,000	5.00	779648 AJ3
2018	405,000	5.00	779648 AK0
2019 ⁽¹⁾	425,000	5.25	779648 AL8
2020 ⁽¹⁾	450,000	5.50	779648 AM6
2021 ⁽¹⁾	475,000	5.75	779648 AN4
2022 ⁽¹⁾	505,000	5.75	779648 AP9
2023 ⁽¹⁾	530,000	5.50	779648 AQ7
2024 ⁽¹⁾	565,000	5.75	779648 AR5
2025 ⁽¹⁾	595,000	5.75	779648 AS3
2029 ⁽¹⁾	2,770,000	6.00	779648 AW4
2035 ⁽¹⁾	5,725,000	6.50	779648 BC7
2039 ⁽¹⁾	5,235,000	6.25	779648 BG8

(1) To be prepaid on December 1, 2018.

CONTINUING DISCLOSURE

The District has covenanted, pursuant to a Continuing Disclosure Agreement, dated as of September 1, 2014, for the benefit of holders and beneficial owners of the Bonds to provide, or cause to be provided, certain financial information and operating data relating to the District

by not later than March 1 in each year following the end of the District's Fiscal Year (which currently would be June 30), commencing with the report for the Fiscal Year ended June 30, 2014 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below in "APPENDIX D." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

With respect to its prior undertakings under the Rule, within the past five years, the District failed to file in a timely manner certain portions of the annual reports, as required by its existing continuing disclosure obligations. As of the date of this Official Statement the District is current on filings in all material respects. Since the issuance of the 2012 Bonds, the District has retained Urban Futures, Inc. to assist with its filing obligations.

THE BONDS

Description of the Bonds

The Bonds shall be delivered in the form of fully registered Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of initial delivery thereof. The Bonds will mature on the dates and in the amounts set forth on the front cover of this Official Statement. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Bonds, all payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described hereinafter. See "Book-Entry Only System" below.

Interest on the Bonds shall be payable on December 1 and June 1 of each year, commencing December 1, 2014, and continuing to and including the date of maturity or prior redemption, whichever is earlier. Principal of the Bonds shall become payable on December 1 in each of the years and in the amounts set forth on the inside cover page of this Official Statement. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender thereof at the corporate trust office of the Trustee in Los Angeles, California.

Interest on the Bonds shall be based on a 360-day year composed of twelve 30-day months and shall be payable by check from the Trustee mailed on each Interest Payment Date by first class mail to the registered Owners as of the close of business on the 15th day of the calendar month (whether or not such day is a Business Day) preceding an Interest Payment Date (the "Record Date") at their addresses shown on the registration books maintained by the Trustee. Upon the written request from any Owner of Bonds aggregating at least \$1,000,000 in principal amount, received on or prior to the fifteenth day of the month preceding an applicable Interest Payment Date, by wire in Federal Reserve funds to an account within the United States on the Interest Payment Date, with regard to which such payment is made. See "Book-Entry Only System" below for a description of how interest and principal will be paid while the Book-Entry System is in effect.

Redemption of the Bonds*

Extraordinary Casualty Redemption. The Bonds are subject to redemption, in whole or in part on any date, from the Net Proceeds of insurance or condemnation with respect to the Enterprise, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Optional Redemption. The Bonds maturing on or before December 1, 20___, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after December 1, 20___, are subject to optional redemption on any date on or after December 1, 20___, in whole or in part, from any source of available funds, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without a premium.

Sinking Fund Redemption of Bonds. The Bonds maturing December 1, 20__ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on December 1, 20__-, from mandatory sinking fund payments set aside in the Payment Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

Sinking Fund Redemption Date (December 1)	Principal Amount To Be Redeemed
--	--

If some but not all of such Bonds have been redeemed pursuant to optional or extraordinary redemption, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the District.

Purchase in Lieu of Redemption. In lieu, or partially in lieu, of such call and redemption, moneys of the District may be used to purchase Outstanding Bonds. Purchases of Outstanding Bonds may be made by the District prior to the selection of Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Selection of Bonds for Redemption. In the event that part, but not all, of the Bonds are to be redeemed (except for mandatory sinking fund redemption), the Bonds to be redeemed shall be selected by the Trustee among maturities or mandatory sinking fund redemptions as

* Preliminary, subject to change.

** Do we want to keep this redemption provision?

designated in writing by the District and by lot within a maturity; provided, however, that, as shall be set forth in a Certificate of the District, the Bonds may be redeemed by any maturity or maturities or mandatory sinking fund redemptions selected by the District, and by lot within a maturity. For the purpose of the selection, all Bonds registered in the name of the same Owner shall be aggregated and treated as a single Bond held by such Owner. Notwithstanding any of the foregoing, in any such partial redemption the Trustee shall call the Bonds in integral multiples of \$5,000. In the event of a redemption for which the Trustee does not have monies available to redeem the entire amount scheduled for redemption, the Trustee shall redeem Bonds of the applicable maturity or maturities by lot up to a principal amount equal to the available monies.

Notice of Redemption; Rescission. When redemption is authorized or required, the Trustee shall give notice (the "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed; (b) the date of redemption; (c) the place or places where the redemption will be made, including the name and address of any paying agent; (d) the redemption price; (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed; (f) if less than all the Bonds of a maturity are to be redeemed, the certificate numbers of the Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed; and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

At least thirty (30), but not more than forty-five (45), days prior to the redemption date (or immediately upon receipt of Net Proceeds from insurance or condemnation awards which are to be used to redeem Bonds), the Trustee shall cause Redemption Notices to be given to the respective Owners of Bonds designated for redemption by first class mail, postage redeemed, at their addresses appearing on the Bond Register maintained by the Trustee.

The District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such rescission or cancellation shall not constitute an Event of Default under the Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption. If, on said redemption date, moneys sufficient for the redemption of all the Bonds to be redeemed, together with interest to said redemption date shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given, then, from and after said redemption date, interest with respect to the portion of Bonds to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said redemption date, interest with respect to such portion of Bonds shall continue to be payable until paid at the same rates as they would have been payable had they not been called for redemption.

Issuance of Parity Obligations

The District has covenanted in the Indenture that so long as any Bonds are Outstanding, the District shall not issue or incur any obligations payable from Net Revenues or the Revenue Fund senior or superior to the Debt Service Payments. The District has covenanted in the Indenture that the District may at any time issue Parity Obligations payable from Net Revenues on a parity basis with the Debt Service Payments in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions which are conditions precedent to the issuance and delivery of such Parity Obligations:

- (i) No Event of Default shall have occurred and be continuing; and
- (ii) The Net Revenues, calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of a Treasurer, or (ii) as shown by the books of the District for any more recent twelve (12) month period selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred and ten percent (110%) of the amount of Maximum Annual Debt Service; and
- (iii) The District may, but is not required to, establish from the proceeds of such Parity Obligations a reserve fund for the security of such Parity Obligations, in an amount then permitted under the Code.

"Additional Revenues" means an allowance for Net Revenues (i) arising from any increase in the charges made for service from the Enterprise adopted prior to the incurring of such Parity Obligations and effective within eighteen (18) months following the date of incurring such Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District, and (ii) arising from any increase in service connections to the Enterprise prior to the incurring of such Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such connections had been in existence during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District, all as shown by the certificate or opinion of an Independent Financial Consultant.

The provisions of subsection (ii) above shall not apply to any Parity Obligations if (A) all of the proceeds of which (other than proceeds applied to pay costs of issuing such Parity Obligations and to make any reserve fund deposit) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on any Outstanding Bonds or on any outstanding Parity Obligations, (B) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on the refunding Parity Obligations will not exceed Maximum Annual Debt Service on the Outstanding Bonds being refunded, and (C) the final maturity of the refunding Parity Obligations is not later than the final maturity of the refunded Bonds or Parity Obligations.

In order to maintain the parity relationship of the Debt Service Payments to all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur semi-annually on the Due Dates and in each year as such payments are due with respect to the Debt Service Payments, and reserve account replenishment with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur monthly, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service Payments and not prior thereto; provided that the District shall not make a payment on such Governmental Loan to the extent it would have the effect of causing the District to fail to pay Debt Service Payments on a timely basis. In such event, the District shall make Debt Service Payments and payments on such Governmental Loan on a pro rata basis.

Subordinate Obligations. Notwithstanding the foregoing, nothing in the Indenture shall be construed as prohibiting the issuance by the District of obligations secured by Net Revenues on a subordinate basis to the Bonds.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX E - BOOK ENTRY PROVISIONS" herein.

Neither the District nor the Trustee can and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the District nor the Trustee are responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds received from the sale of the Bonds and other available funds are to be applied as follows:

Sources of Funds:

Principal Amount of Bonds
Net Original Issue [Discount] [Premium]
Amount Relating to Prior Obligations

TOTAL SOURCES

Uses of Funds:

Transfer to Escrow Agent⁽¹⁾
Costs of Issuance⁽²⁾

TOTAL USES

(1) See "THE REFUNDING PLAN" above.

(2) Includes fees of Bond Counsel, Disclosure Counsel and Trustee, Underwriter's discount and other costs of issuing the Bonds.

DEBT SERVICE

The following tables illustrate the annual debt service for the Bonds as of December 1 of each year and the aggregate annual debt service on the Bonds and the 2012 Bonds.

<u>Period Ending (December 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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TOTALS

<u>Year Ending (December 1)</u>	<u>2012 Bonds Debt Service</u>	<u>Bonds Debt Service</u>	<u>Total Debt Service</u>
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TOTALS

(1) Includes interest on all of the Prior Obligations due before the Closing Date.

SECURITY FOR THE BONDS

General

THE OBLIGATION OF THE DISTRICT TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS IS A LIMITED OBLIGATION OF THE DISTRICT PAYABLE FROM NET REVENUES AND IS NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE DISTRICT OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES PLEDGED UNDER THE INDENTURE. THE FULL FAITH AND CREDIT OF THE DISTRICT IS NOT PLEDGED FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS, OTHER THAN THE NET REVENUES AND CERTAIN OTHER AMOUNTS ON DEPOSIT UNDER THE INDENTURE, ARE PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. THE PAYMENT OF THE PRINCIPAL OF OR INTEREST WITH RESPECT TO THE BONDS DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY

FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Pledge of Net Revenues

The Bonds are secured by a pledge of the Net Revenues received by the District from the operation of the Enterprise, as those terms are defined below and upon all money and securities on deposit in certain accounts under the Indenture. The obligation of the District to make Debt Service Payments from Net Revenues is absolute and unconditional, and until such time as all Debt Service Payments shall have been fully paid and the Bonds are no longer Outstanding (or provision for the payment thereof shall have been made), the District will not, under any circumstances, discontinue, abate or suspend any payment due under the Indenture when due, whether or not the Enterprise is operating or operable or has been completed, or whether or not the Enterprise is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained in the Indenture for any cause whatsoever.

All Net Revenues are irrevocably pledged by the District to the payment of the Debt Service Payments and debt service on Parity Obligations (including payments securing the 2012 Bonds) as provided in the Indenture, and the Net Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Net Revenues, there may be apportioned such sums for such purposes as are expressly permitted by the Indenture, including payment of debt service on any Parity Obligations. This pledge shall constitute a first lien on the Net Revenues for the payment of the Debt Service Payments and debt service on any Parity Obligations in accordance with the Indenture. **The Bonds are not secured by a lien on the Enterprise or any other property of the District.**

In the Indenture, the District covenants that, so long as any Bonds are outstanding, the District will not issue or incur any obligations payable from Net Revenues superior to the payment of the Debt Service Payments. The District is authorized to issue additional Parity Obligations secured by Net Revenues with a lien on a parity basis with the lien of the Bonds, provided it complies with certain provisions in the Indenture. See "THE BONDS – Issuance of Parity Obligations" herein. The District is also authorized to issue subordinate debt secured by Net Revenues.

"Net Revenues" are Revenues less the Maintenance and Operation Costs, as such terms are defined below. The "Enterprise" means the District's water system, including all facilities, works, properties and structures of the District for the treatment, transmission and distribution of potable and non-potable water, including all contractual rights to water supplies, transmission capacity supply, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any part thereof hereafter acquired or constructed. See "THE DISTRICT AND THE ENTERPRISE" herein for a description of the Enterprise.

The District has covenanted to fix, prescribe and collect rates and charges for the Enterprise sufficient to annually provide Net Revenues equal to 110% of the Debt Service

Payments and the payment of debt service on any Parity Obligations, plus certain reserves. See "Rate Covenant" below.

"Maintenance and Operation Costs" of the Enterprise means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Enterprise, as determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, including the cost of water, and (b) administrative costs of the District attributable to the Enterprise and the financing thereof; but excluding (x) depreciation, replacement and obsolescence charges or reserves therefor, (y) in any Fiscal Year prior to setting aside an amount equal to the Debt Service Payments for such Fiscal Year, capital expenditures other than as set forth in subsection (a) above, and (z) amortization of intangibles or other bookkeeping entries or a similar nature.

"Revenues" means all gross income and revenue received or receivable by the District from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including fees for connecting to the Enterprise) received by the District for Water Service and all other income and revenue howsoever derived by the District from the Enterprise or arising from the Enterprise; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific facilities, or (ii) customers' deposits or any other deposits subject to refund until such deposits have become the property of the District, are not Revenues and are not subject to the lien of the Indenture. Revenues shall include amounts on deposit in the Revenue Fund which have been previously released from the pledge and lien of this Indenture. Revenues shall also include interest with respect to any Parity Obligations reimbursed to or on behalf of the District by the United States of America.

Debt Service Payments

The Indenture requires the District to pay all Debt Service Payments directly to the Trustee on the applicable Due Date. The District is required to pay Debt Service Payments without offset or deduction of any kind, other than certain amounts on deposit with the Trustee in the Payment Fund. "Due Date" means each November 15 and May 15, commencing November 15, 2014. See APPENDIX A hereto. See also "Pledge of Net Revenues" above.

The District's obligation to make Debt Service Payments is a special obligation of the District payable solely from the Net Revenues and other funds provided for in the Indenture. Neither the Bonds nor the obligation of the District to make Debt Service Payments constitutes a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction or an obligation for which the District or the State of California is obligated to levy or pledge any form of taxation or for which the District or the State of California has levied or pledged any form of taxation.

Rate Covenant

The District has covenanted in the Indenture that it will, at all times while any of the Bonds remain Outstanding, take the necessary and appropriate actions to fix, prescribe and collect rates, fees and charges in connection with the Enterprise so as to yield Revenues at

least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order below set forth:

- (1) All Maintenance and Operation Costs of the Enterprise;
- (2) The Debt Service Payments and all payments (including payments of interest and under reimbursement agreements) with respect to Parity Obligations as they become due and payable;
- (3) Amounts necessary to bring the amount of funds in any reserve fund up to the required amount; and
- (4) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year.

Furthermore, the District has covenanted to take the necessary and appropriate actions to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues which are at least equal to one hundred and ten percent (110%) of the aggregate amount of the Debt Service Payments, and principal of and interest on any Parity Obligations coming due and payable during such Fiscal Year. The District may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

If the District violates the rate covenants, such violation shall not, in and of itself, be a default under this Installment Purchase Contract and shall not give rise to a declaration of an Event of Default if (i) the coverage calculated does not decrease below 1.00 times the sum of (A) annual Debt Service Payments, (B) payments on Parity Obligations, (C) amounts sufficient to maintain any reserve fund at the required level, and (D) Maintenance and Operation Costs and, (ii) within 120 days after the date such violation is discovered, the District hires an Independent Financial Consultant or an Independent Engineer to review the revenues and expenses of the Enterprise and abides by such consultant's recommendations to revise the schedule of rates, fees and charges and to revise any Maintenance and Operation Costs insofar as practicable and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; provided, however, that if the District does not cure such violation within twelve (12) months succeeding the date such violation is discovered, an Event of Default shall be deemed to have occurred.

See "RISK FACTORS – Proposition 218" herein for a discussion of certain procedural matters and possible limitations relating to increases of the Districts rates and charges.

No Debt Service Reserve Account

The District is not funding a debt service reserve account for the Bonds, although debt service reserve accounts may be created with respect to the issuance of future Parity Obligations. The owners of the Bonds will not be entitled to amounts on deposit in the reserve accounts, if any, established for such future Parity Obligations.

Application of Revenues

The District has covenanted that all Revenues, when and as received, will be received and held by the District in trust for the benefit of Bondholders and payments with respect to Parity Obligations, will be deposited by the District in the Revenue Fund, and will be accounted for and held in trust for the benefit of Bondholders and for payments with respect to Parity Obligations in the Revenue Fund. All Revenues in the Revenue Fund shall be set aside by the District or deposited by the District with the Trustee, or the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

(1) **Maintenance and Operation Costs.** The District agrees and covenants to pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable.

(2) **Debt Service Funds.** Debt Service Payments and all other payments relating to principal and interest on or with respect to Parity Obligations, shall be paid in accordance with the terms of the Indenture and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(3) **Reserve Funds.** Payments required with respect to Parity Obligations, to replenish debt service reserve funds established for such Parity Obligations shall be made in accordance with the terms of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) **General Expenditures.** All Revenues not required to be withdrawn pursuant to the provisions of (1) through (3) above shall be used for expenditure for any lawful purpose of the District, including payment of other costs of the Enterprise or payment of any rebate requirement or of any obligation subordinate to the payment of all amounts due hereunder or under Parity Obligations.

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds.

Enterprise Demand and Growth

There can be no assurance that the local demand for the services provided by the Enterprise will be maintained at levels described in this Official Statement under the heading "THE DISTRICT AND THE ENTERPRISE." Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the District's rate covenant in the Indenture. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand. There can be no assurance that any other entity with regulatory authority over the Enterprise will not adopt further restrictions on operation of the Enterprise.

Enterprise Expenses

There can be no assurance that the District's expenses for the Enterprise will be consistent with the levels described in this Official Statement. Changes in technology, new regulatory requirements, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand.

Parity Obligations

Although the District has covenanted not to issue additional obligations payable from Net Revenues senior to the Debt Service Payments, the Indenture permits the issuance by the District of certain indebtedness which may have a lien upon the Net Revenues which is on a parity basis to the lien which secures the Debt Service Payments, if certain coverage and other tests are met (see "THE BONDS – Issuance of Parity Obligations" herein). These coverage tests involve, to some extent, projections of Net Revenues. If such indebtedness is issued or incurred, the debt service coverage for the Debt Service Payments securing the Bonds will be diluted below what it otherwise would be subject to under the coverage tests. Moreover, there is no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Debt Service Payments and such additional indebtedness.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the District to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 also extends the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes, assessments, fees and charges imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees or charges, except those which are pledged to the repayment of debt. If such a repeal or reduction in District fees or charges were to occur, and it was held that any such taxes, assessments, fees or charges were not pledged to any debt repayment, the District's ability to make Debt Service Payments could be adversely affected.

In addition, while the matter is not free from doubt, Proposition 218 imposed restrictions on the levy of charges for "property-related services." In July 2006 the California Supreme Court confirmed that a public agency's charges for ongoing water delivery are "fees and charges" within the meaning of Proposition 218. As a result, voters within the boundaries of the District could adopt an initiative measure that reduced or repealed water rates and charges levied by the District, although it is not clear (and has not been determined by State courts) whether such action would be enforceable where such fees and charges are pledged to the repayment of indebtedness.

The District's current revenue rates and charges were adopted under Proposition 218, using the alternative notice procedure provided by California Government Code Section

53755. The District believes that its fees for water service will not be adversely affected by the application of the procedural requirements of Proposition 218, and that Proposition 218 would not have any immediate adverse effect on its ability to operate its Enterprise. However, there can be no assurance of the availability of remedies to protect fully the interest of the holders of the Bonds.

Constitutional Limit on Appropriations, Fees and Charges

If a portion of the Enterprise rates or connection charges were determined by a court to exceed the reasonable costs of providing service, any fee which the District charges may be considered to be a "special tax," which under Articles XIII A or XIII D of the California Constitution must be authorized by a two-thirds vote of the affected electorate. This requirement is applicable to the District's rates for service provided by the Enterprise. The reasonable cost of service provided by the Enterprise has been determined by the State Controller to include depreciation and allowance for the cost of capital improvements. In addition, the State courts have determined that fees such as connection fees (capacity charges) will not be special taxes if they approximate the reasonable cost of constructing Enterprise improvements contemplated by the local agency imposing the fee. Such court determinations have been codified in the Government Code of the State of California (Section 66000 *et seq.*).

Under Article XIII B of the California Constitution, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation," which consists of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. In general terms, the "appropriations limit" is to be based on certain Fiscal Year 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIII B, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District is of the opinion that the rates and use charges imposed by the District in connection with the Enterprise do not exceed the costs it reasonably bears in providing such services.

Limited Recourse on Default

If the District defaults on its obligation to make Debt Service Payments, the Trustee has the right to accelerate the total unpaid principal amounts of the Debt Service Payments. However, in the event of a default and such acceleration there can be no assurance that the District will have sufficient Net Revenues to pay the accelerated Debt Service Payments and payments with respect to Parity Obligations.

No Debt Service Reserve Account

The District is not funding a debt service reserve account for the Bonds, although debt service reserve accounts may be created with respect to the issuance of future Parity Obligations. The owners of the Bonds will not be entitled to amounts on deposit in the reserve accounts established for such future Parity Obligations.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the District may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

No Obligation to Tax

The obligation of the District to pay the Debt Service Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Debt Service Payments does not constitute a debt or indebtedness of any District, the State or any of its political subdivisions, in contravention of any constitutional or statutory debt limitation or restriction.

Change in Law

In addition to the other limitations described herein, the State electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the District. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues and adversely affecting the security of the Bonds.

Geologic, Topographic and Climatic Conditions

The value of the Enterprise, and the ability to generate Revenues, is contingent upon the ability of the District to deliver water to its customers. The financial stability of the District can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements and floods) and climatic conditions (such as droughts and tornadoes). The District is in an active geological area, and does not carry earthquake insurance on the Enterprise..

Engineering standards require that some of these factors be taken into account, to a limited extent, in the design of improvements, including the Enterprise. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the District. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by

more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur which may result in damage to improvements in varying degrees, and such damage may entail significant repair or replacement costs, and there can be no assurance that such repair or replacement will occur. Under any of these circumstances, the public and private improvements within the District in general may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Major portions of the California State Water Project (the "State Water Project") delivery system are located parallel to and near the San Andreas Fault and other faults. The State Water Project facilities are designed to withstand earthquakes without major damage. Inspections following the June 1992 "Landers" earthquake, a magnitude 6.5 earthquake on the same day near Big Bear City, and the October 17, 1987 magnitude 7.1 "Loma Prieta" earthquake in northern California did not reveal any damage to State Water Project facilities. The January 17, 1994 magnitude 6.7 earthquake centered in Northridge created slight damage to State Water Project facilities. On March 28, 2014, a magnitude 5.1 earthquake centered in the City of La Habra, which is adjacent to the District, struck on a fault underneath the Puente Hills thrust fault. The District did not experience any damage or disruption of service from this earthquake. Occurrence of other earthquakes could cause an interruption of deliveries of water to and from the District until repairs could be affected, thus possibly diminishing the value of the Enterprise and the amount of Revenues. See "THE DISTRICT AND THE ENTERPRISE – Emergency Supplies" herein for a discussion of water supply sources available to the District in an emergency.

The State of California has experienced severe droughts in the current and recent years, which caused a significant reduction in, and, in some cases, elimination of, the amount of water available from the State Water Project. Operational mandates for environmental protection of the Sacramento-San Joaquin River Delta (the source of water for the State Water Project) as imposed by federal and state regulatory agencies also impinge on the amount of water available for delivery to contractors. In the State Water Project Draft Delivery Reliability Report 2013, the State Department of Water Resources forecasts that, based on historical precipitation patterns, current level of demand, and operating under these environmental mandates, on average 60% of contractor requests will be met through 2033. The State Water Project is a significant source of water delivered by the District, and for 2014 the preliminary estimate for deliveries from the State Water Project was initially 0%, but on April 18, 2014 was increased to 5%. See "THE DISTRICT AND THE ENTERPRISE – Water Sources and Supply; Water Purchases" herein.

Interruption of delivery of water for any reason will not alter the legal obligation of the District to pay Debt Service Payments. However, a reduction in the availability of water could materially adversely affect the Revenues. See "THE DISTRICT – Storage" herein.

Environmental Considerations

Bay-Delta. Most of California's developed water supply flows into or is exported through the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (Delta). Human activity and changing environmental conditions coupled with a complex framework of federal and state laws administered by numerous agencies have made management of the Delta challenging.

Recent State Water Legislation. In November 2009, the State enacted legislation that created the Delta Stewardship Council (the "DSC"), to assume Bay-Delta management responsibilities in lieu of the California Bay-Delta Authority. Under the legislation, the DSC must work to achieve the "coequal" goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem. The legislation also mandates that the coequal goals be achieved in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta. The legislation provided that the DSC must adopt a comprehensive Bay-Delta management plan by January 1, 2012. The Delta Plan was unanimously adopted by the Delta Stewardship Council on May 16, 2013. Subsequently its 14 regulatory policies were approved by the Office of Administrative Law, a state agency that ensures the regulations are clear, necessary, legally valid, and available to the public. The Delta Plan became effective with legally-enforceable regulations on September 1, 2013. Numerous parties filed seven separate actions in state court challenging the legality of the Delta Plan, which actions are pending.

The legislation reshaped the existing Delta Protection Commission (the "DPC") into a 15-member body primarily comprising local representatives from Bay-Delta communities. The DPC is required to adopt a Bay-Delta economic sustainability plan, and may review and comment on any proposed project within the scope of the Bay-Delta management plan adopted by the DSC.

The legislation also created a new Sacramento-San Joaquin Delta Conservancy (the "Conservancy") to engage in ecosystem restoration projects within the Bay-Delta and Suisun Marsh. The Conservancy is authorized to acquire conservation easements and to support efforts that advance the economic well-being of Bay-Delta residents.

Finally, the legislation mandated that the State Water Resources Control Board ("SWRCB") conduct informational hearings and issue a report regarding criteria for Bay-Delta outflows that would, in the SWRCB's opinion, protect and preserve public trust resources. In a report that was unanimously adopted on August 3, 2010, SWRCB concluded that substantially increased flows from rivers flowing into the Bay-Delta would be needed in the Delta ecosystem if fishery protection was the sole purpose for which its waters were put to beneficial use.

Bay Delta Conservation Plan. The Bay Delta Conservation Plan (the "BDCP") is a long-term conservation strategy designed to improve the status of species and natural communities covered by the plan, and provide the basis for long-term permits under the federal Endangered Species Act and California Natural Community Conservation Planning Act for operation of the State Water Project and the federal Central Valley Project ("CVP") (collectively, the "Water Projects"). The goal of the plan is to improve the reliability of Delta water supply, while also restoring aquatic habitat and fish populations.

The State released a public draft of the BDCP in November 2013, and an accompanying Draft Environmental Impact Report/Environmental Impact Statement (the "BDCP EIR/EIS"). The BDCP EIR/EIS was prepared to fulfill the requirements of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). The draft BDCP EIR/EIS considers numerous alternatives and one no action alternative. The no action alternative describes future circumstances without implementation of the proposed BDCP actions, and represents continuation of the existing plans, policies, operations, and conditions that represent continuation of trends in nature. The other alternatives include various combinations of water conveyance configurations, capacities, operations, and habitat restoration, and their effects on biological resources, hydrology, and the human environment.

Under CEQA, the "Preferred Alternative" designated by DWR includes two 40-foot inside diameter tunnels to carry water 35 miles to the existing pumping plants in the south Delta. From there, water would be moved into existing aqueducts that supply much of the State. However, this alternative is subject to change as DWR receives and considers public and agency input on the environmental analysis. The District is unable to predict what the final Preferred Alternative will be, or the financial or operational impact of such Preferred Alternative.

Stakeholders with diverse interests have expressed varying degrees of dissatisfaction with the BDCP, which is being developed at the same time that certain restrictions on the Water Projects are being challenged in pending lawsuits (as discussed below). The comment period closed on July 29, 2014.

ESA Litigation. The listing of a number of fish species as threatened or endangered under the federal and/or California Endangered Species Acts (respectively, the "Federal ESA" and the "California ESA" and, collectively, the "ESAs") have affected operations of the Water Projects by reducing the amount of water pumped by the Water Projects and by limiting the flexibility of both Water Projects. An annual environmental water account established under the CALFED Bay-Delta Program as a means of meeting environmental flow requirements and export limitations, which has been terminated, was intended to mitigate these impacts in the past. Currently, six species, the Sacramento River winter-run and Central Valley spring-run Chinook salmon, delta smelt, a distinct population segment of the North American green sturgeon, Central Valley steelhead, and Southern Resident killer whales ("Southern Resident") are listed under the Federal ESA and are the subject of two biological opinions involving the operation of the Water Projects.

The Federal ESA requires that before any federal agency authorizes, funds, or carries out an action, it must consult with the appropriate federal wildlife agency to determine whether the action is likely to jeopardize the continued existence of any threatened or endangered species, or adversely modify the species' critical habitat. The result of the consultation is known as a "biological opinion." In the biological opinion, the federal wildlife agency determines whether the action is likely to cause jeopardy to the species or destruction or adverse modification of its critical habitat, and recommend a reasonable and prudent alternative ("RPA") (in the event an affirmative finding of jeopardy or adverse modification is made) or reasonable and prudent measures (in the event a finding is made that the action is not likely to result in jeopardy or adverse modification) that would allow the action to proceed without causing jeopardy or adverse modification. Typically, an incidental take statement (or "ITS") accompanies the biological opinion. The ITS allows the action to proceed even though it may result in some level of "take," including harming or killing some members of the listed species, incidental to the agency action, provided that the agency action complies with terms and conditions set out by the federal wildlife agency.

On December 15, 2008, the United States Fish and Wildlife Service (the "Service") issued a biological opinion and ITS that govern operations of the Water Projects with respect to the delta smelt and its critical habitat. The Service concluded that the continued long-term operation of the Water Projects and cumulative effects are likely to jeopardize the continued existence of the delta smelt. The Department of Water Resources sought and obtained a consistency determination under the California ESA based, in part, on the 2008 Biological Opinion. In the spring of 2009, several water agencies and other entities filed five separate complaints challenging the 2008 biological opinion. These cases have been consolidated (*San Luis and Delta Mendota Water Authority v. Salazar*). In December 2010, the Court issued a memorandum decision holding that the 2008 biological opinion is unlawful and

remanding it to the Service for further consideration. On May 19, 2011, the court entered a final judgment in the litigation.

The environmental defendants and federal agency defendants appealed the district court's decision to the U.S. Court of Appeals for the Ninth Circuit. The State Water Contractors, the Metropolitan Water District of Southern California, and the San Luis & Delta Mendota Water Authority and Westlands Water District filed cross-appeals. On March 13, 2014, a divided three-judge panel of the Ninth Circuit issued a decision reversing the lower court decision in part and affirming it in part. The Department of Water Resources, State Water Contractors, Kern County Water Agency, the Coalition for a Sustainable Delta, the Metropolitan Water District of Southern California, and the San Luis & Delta Mendota Water Authority and Westlands Water District filed petitions for rehearing en banc seeking further review of the case, which the Ninth Circuit denied. The State Water Contractors, Kern County Water Agency, the Coalition for a Sustainable Delta, the Metropolitan Water District of Southern California, and the San Luis & Delta Mendota Water Authority and Westlands Water District filed a motion to stay indicating their intent to seek Supreme Court review. Because the panel decision is not final, the lower court decision remanding the 2008 biological opinion remains in place. These water supply restrictions could have a range of impacts on the Agency's deliveries from the State Water Project depending on hydrologic conditions. Any impacts in 2014 will be limited by the current allocation estimate of 5% for State Water Project supplies.

On June 4, 2009, the National Marine Fisheries Service ("NMFS") issued a biological opinion and ITS on the proposed operations of the Water Projects with respect to the Sacramento River winter-run Chinook salmon, Central Valley spring-run Chinook salmon, Central Valley steelhead, Central California Coast steelhead, Southern Distinct Population Segment of North American green sturgeon ("Green Sturgeon"), and the Southern Resident. NMFS concluded that the long-term operations of the Water Projects and cumulative effects are likely to jeopardize the continued existence of the winter-run and spring-run Chinook salmon, the Central Valley steelhead, the Green Sturgeon, and the Southern Resident. NMFS further concluded that the long-term operations would destroy or adversely modify the designated critical habitat of the winter-run and spring-run Chinook salmon, the Central Valley steelhead, and the proposed critical habitat of the Green Sturgeon. NMFS concluded that the proposed operations are not likely to jeopardize the continued existence of the Central California Coast steelhead. In the summer of 2009, public water agencies and farmers filed complaints challenging the legality of the 2009 biological opinion. These cases were consolidated (*San Luis and Delta Mendota Water Authority v. Locke*). On September 20, 2011, the United States District Court for the Eastern District of California issued its memorandum decision and held for plaintiffs in whole or in part with respect to about half of the claims, while holding for defendants with respect to the balance of the claims. Plaintiffs prevailed on their claim that Reclamation's provisional adoption and NMFS's and Reclamation's implementation of the 2009 biological opinion and its RPA violated NEPA. On December 12, 2011, the Court entered a final judgment in the litigation. Under the judgment, NMFS is required to complete a new biological opinion consistent with the requirements of law by February 1, 2016.

The environmental defendants and federal agency defendants appealed the district court's decision to the U.S. Court of Appeals for the Ninth Circuit. Kern County Water Agency, the Coalition for a Sustainable Delta, the State Water Contractors, the Metropolitan Water District of Southern California, and the San Luis & Delta Mendota Water Authority and

Westlands Water District filed cross-appeals. Argument is scheduled to occur in September 2014.

In addition to the litigation described above under the Federal ESA, the State Water Contractors sued the Department of Fish and Game in the Superior Court of the State of California for Alameda County alleging that the Department violated State law when it issued a consistency determination under the California ESA that provides take coverage for operation of the State Water Project based on the Service biological opinion and RPA. The lawsuit has been dormant pending the outcome of the federal lawsuit regarding the Service biological opinion.

The outcome of the existing or any threatened litigation regarding the listed species of fish could influence how the Water Projects are operated. The Department of Water Resources has altered the operations of the State Water Project to accommodate the listed species. This change in operations has influenced the manner in which water is diverted from the Bay-Delta and State Water Project deliveries. Additional changes in the operation of the Water Projects could result from the consultation process for new biological opinions for listed species under the Federal ESA or from the California Department of Fish and Game's actions regarding a consistency determination under the California ESA.

Impact on Supply and Cost. The staff of the Metropolitan Water District of Southern California ("MWD"), the District's primary source of water, has analyzed the ramifications for MWD's State Water Project supplies and its options for mitigating any reduction of State Water Project supplies that may result from an adverse result to the litigation. In the event of a shutdown of the State Water Project pumping plant that stopped deliveries of State Water Project water for an extended period of time, MWD would be required to undertake extraordinary measures to minimize the possibility of extreme water shortages within its service area. These include calling for extraordinary conservation through an extensive public outreach campaign, curtailing all deliveries for groundwater replenishment, cutting agricultural deliveries by 30%, calling on additional withdrawals from groundwater conjunctive use and storage programs and calling for additional voluntary fallowing in MWD's agricultural land management program. MWD's emergency storage requirement is established periodically to provide a six-month water supply at 75% of member agencies retail demand under normal hydrologic conditions. In addition to impacts on supplies, any such mitigation actions will most likely have an impact on rates charged by MWD.

Conclusions. Decisions in these cases or future litigation, listings of additional species or new regulatory requirements could adversely affect State Water Project operations in the future by requiring additional export reductions, releases of additional water from storage or other operational changes impacting water supply operations. The District cannot predict the ultimate outcome of any of the litigation or regulatory processes described above at this time or whether such outcome will result in any materially adverse impact on the operation of the State Water Project pumps, MWD's State Water Project supplies or reserves, or MWD's deliveries to the District. See "THE DISTRICT AND THE ENTERPRISE – Water Sources and Supply; Water Purchases" and "– Storage" herein.

Impact of State Budget

The State has experienced serious budgetary shortfalls in recent years, although the state is currently projected to end the current fiscal year with a significant surplus. The District cannot predict what actions will be taken in the future by the State Legislature and the

Governor to deal with changing State revenues and expenditures. It is therefore anticipated that there could be additional legislation in the future which addresses a shortfall. The District cannot predict what measures may be proposed or implemented for the current Fiscal Year or in the future. Given the magnitude of the State's historical budgetary deficits, it is possible that future legislation will impact revenues of local agencies. These developments at the State level will most likely adversely affect local governments.

Proposition 1A, passed by the voters in 2004 ("Proposition 1A"), amended the California Constitution to, among other things, prohibit the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship" (and only then if (x) such amounts were agreed to be repaid with interest within three years, (y) the State had repaid any other borrowed amounts, and (z) such borrowing could not occur more often than twice in ten years). In 2009 the State Legislature exercised its authority and suspended the protection of Proposition 1A for Fiscal Year 2009/10, and authorized approximately \$1.9 billion to be borrowed from local governments through the suspension of Proposition 1A, all of which was subsequently repaid.

The District currently does not anticipate that the State budget issues will materially adversely impact the operation of its water operations or its ability to pay Debt Service Payments or any of its other obligations as when due.

Proposition 26

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote.

Proposition 26 is likely to further undergo both judicial and legislative scrutiny before any long term impact on the District and its obligations can be determined. Certain provisions of Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Loss of Tax Exemption

As discussed in this Official Statement under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until prepaid under one of the other redemption provisions contained in the Indenture.

In addition, legislation affecting the tax exemption of interest on the Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of

interest on the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of delivery of the Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the Bonds.

IRS Audit of Tax-Exempt Issues

The IRS has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar obligations).

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

THE DISTRICT AND THE ENTERPRISE

The following material is descriptive of the District and the enterprise. It has been prepared by or excerpted from sources as noted herein and has not been verified by Bond Counsel or the Underwriter.

General; Service Area

The Rowland Water District (the "District") was formed in 1953 for the purpose of operating a water system (the "Enterprise") for residents and businesses located within the boundaries of the District. The District's service area encompasses approximately 17.2 square miles and includes certain unincorporated areas of southeastern Los Angeles County, including portions of Rowland Heights, La Puente, Hacienda Heights, the City of Industry and the City of West Covina. The District contains residential, commercial and industrial development. The District's service area has a population of approximately 60,000 persons, and as of June 30, 2014 provided approximately 13,800 water service connections. The District is governed by a five member Board of Directors, elected for 4-year terms. As described below, the District's potable water supply is received from the State Water Project ("SWP") and is purchased from the Metropolitan Water District of Southern California ("MWD"). In February of 2014 the District completed construction of and commissioned the La Habra Heights interconnection. This connection is capable of supplying up to 2,000 acre feet per year from the Central Ground Water Basin.

The primary facilities comprising the Enterprise, as of June 30, 2014, included 17 potable water storage reservoirs with a total capacity of approximately 48 million gallons, 12 potable water booster stations to move water to different elevations, approximately 170 miles of water transmission and distribution mains, 1 ground water well supplementing the recycled system, 1 recycled booster station and a 5 million gallon recycled water storage reservoir, and related control and telemetering systems. Pursuant to the Indenture, the ownership of certain

components of the Enterprise may be transferred by the District to the Agency to facilitate operations and provide operational savings. For example, the District has transferred the facilities relating to its agreement with the La Habra Heights County Water District (see "Recent and Future Enterprise Improvements" below). Prior to any such transfer, the District will be required to certify that such transfer will not materially adversely affect the operation of the Enterprise or the collection of Net Revenues.

The District is the sole provider of water service for residential, commercial and industrial enterprises within its service area. Approximately 46% of District water demand, currently approximately 4,933 acre-feet a year, is from residential users, and all of the District's approximately 13,800 customers are billed based on individually metered water usage. Based on projected build-out, the anticipated total water system demand is estimated to be 18,000 acre-feet a year by the year 2020.

The District's Enterprise is under the direction of Ken Deck, the General Manager of the District, and is operated by a staff of 26 full-time employees. The following table summarizes the operation of the Enterprise for the past six Fiscal Years.

**TABLE 1
ROWLAND WATER DISTRICT
SUMMARY OF OPERATIONS
(As of June 30)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ⁽³⁾
Treated Water Purchased ⁽¹⁾	12,409	11,273	10,901	11,002	11,423	11,500
Potable Water Sold ⁽¹⁾	11,845	11,170	10,489	10,944	11,331	11,500
Change from previous year	(4.37%)	(5.70%)	(4.44%)	4.34%	3.54%	1.49%
Number of Service Connections ⁽²⁾						
Residential	11,541	11,567	11,540	11,557	11,536	11,540
Commercial/Industrial	1,150	1,161	1,179	1,268	1,189	1,195
Multifamily	398	411	412	400	411	411
Fire Service	449	451	455	492	466	470
Agricultural/Irrigation/Other	<u>42</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>240</u>	<u>250</u>
TOTAL	13,580	13,633	13,629	13,760	13,842	13,866
Change from previous year	0.24%	2.20%	0.41%	0.96%	0.60%	0.17%
Population (Estimated)	61,500	58,000	58,000	60,000	60,000	60,000
Cost of Imported Water \$/a-f	\$600	\$692	\$754	\$793	\$849	\$897

Source: Rowland Water District.

(1) In acre-feet.

(2) Excludes temporary meters.

(3) Estimated.

Service connections in the Enterprise range in diameter from 3/4-inch to 12-inches. All water production and consumption is metered. A summary of service connections to the Enterprise for the most recent six fiscal years is contained in Table 1 above. The District currently projects that service connections will increase 1.0% a year for the current and next four fiscal years.

Land Use Projections

The County is primarily responsible for land use policy for most of the area served by the District, with the remaining areas under the jurisdiction of the Cities of Industry and West Covina. Significant amounts of undeveloped land exist within the District. A condition of new development is that the developer provide infrastructure sufficient to provide water service for each lot in the proposed development. There are currently no plans for construction of any material number of new homes in the current year. There are plans for an additional 3,600 homes within the District in various stages of planning (the "Aera Master Planned Community"). In August 2007 the District completed a Water Supply Assessment (the "Water Supply Assessment") for the Aera Master Planned Community. While the Water Supply Assessment determined that the District would need to add two new connections to its primary source of water (see "Water Sources and Supply; Water Purchases" below) it did not anticipate that to be a problem. In addition, the developer of the Aera Master Planned Community will be required to provide all financing for additional facilities needed to serve the development. The Water Supply Assessment concludes that the District will be able to provide water to the development if and when it is completed. The current use projections are approximately 3,634 acre-feet a year of potable water, which could be reduced to 1,635 acre-feet a year with the planned use of recycled water. It is the District's understanding that due to the current economic environment development of this project is not actively progressing.

The Walnut Creek Energy Park ("WCEP") has recently commenced operation. The WCEP is a 500-megawatt (MW) electricity peaking facility consisting of five natural gas-fired turbine-generators, which will be cooled with recycled water supplied by the District. The \$280 million facility is located in the City of Industry, and is projected to have an annual demand of approximately 871 to 1,075 acre-feet, which will essentially double the District's historical recycled water production. During its start up in the Fiscal Year ending June 30, 2014, the facility used approximately 244 acre-feet. The District currently plans to service this demand with local non-potable groundwater sources from the Puente Basin, supplemented with recycled water purchased from the City of Industry (as described below under "Water Sources and Supply; Water Purchases"). The District can provide no assurance that the WCEP will operate as currently anticipated.

Recent and Future Enterprise Improvements

The District has an ongoing capital improvement plan with respect to the Enterprise as a result of anticipated growth, which it anticipates funding through connection fees on such new development (see "Land Use Projections" above). Developers are required to pay all costs associated with additional infrastructure required for their development. In addition, developers may be required to pay an "acreage supply fee" of \$1,750 per acre or part thereof. Finally, depending the amount of increased demand, a developer may be required to purchase additional water supplies for the Enterprise. See "Enterprise Rates and Charges" below. The District is also completing a number of projects financed with proceeds of the 2012 Bonds, including an interconnection with California Domestic Water Company and rehabilitation of certain wells.

Since until 2014 the District was 100% dependent on imported water for its potable water supplies, it has been working in partnership with Walnut Valley Water District ("Walnut Valley"), which is in a similar circumstance, to increase water supply reliability and offset future cost increases (the "Regional Water Supply Reliability Program" or "RWSRP"). The District and Walnut Valley amended the Agency's Joint Powers Agreement to provide the mechanism

for the two agencies to work in partnership. The District entered into a Water Production and Delivery Agreement, dated as of May 16, 2012, with La Habra Heights County Water District (LHHCWD) and Orchard Dale Water District (ODWD) (the "LHH Agreement") for the delivery of approximately 2,000 acre feet per year of potable water from the Central Groundwater Basin (the "Central Basin") in southeast Los Angeles County. Additionally, the District entered into a Production and Delivery Agreement, dated January 11, 2012, with California Domestic Water Company (CDWC) (the "CDWC Agreement") for the delivery of approximately 5,000 acre feet of potable water from a combination of the Main San Gabriel Basin (MSGB) and the Central Basin. Water is currently being delivered under the LHH Agreement. While the facilities have been transferred to the Agency, the District operates the facilities and the water supply from this connection supplies water directly to the District's distribution system. This allows the District to reduce the need for imported supplies. The production cost of water under the LHH Agreement is less than the cost of imported supplies (currently approximately \$650 an acre-foot). Environmental review and design work has been completed on facilities to implement the CDWC Agreement, and construction is underway with an expected completion date of December 2014. These projects were funded with proceeds of the 2012 Bonds.

The Los Angeles County Superior Court recently approved amendments to the Main San Gabriel Basin (MSGB) Judgment to allow for water storage within the basin and exports out of the basin. The District, in conjunction with Walnut Valley, currently has 10,000 acre feet (with each agency having 5,000 acre feet) stored in a Cyclic Storage account in the MSGB through the Three Valley Municipal Water District ("TVMWD"). The District is currently in negotiations to establish a storage and export agreement relative to MSGB groundwater in its own name. The Agency has also purchased 365 acre feet (of which the District is entitled to half) of ground water rights within the Central Basin and is pursuing the procurement and or lease of additional rights.

Phase 2 of the RWSRP (the "Alternative Water Supply Project") will include the development of production and delivery agreements and the design of infrastructure to move alternate water supplies to the District and Walnut Valley from potentially the Covina Irrigating Company and the City of La Verne, and to provide additional treatment capacity.

To successfully complete any future long term water transfers, additional financing may be required to purchase water rights and construct the infrastructure necessary to extract the water from the groundwater basins, along with treatment and conveyance systems. The District's rate study recently completed by Atkins anticipates the Alternative Water Supply Project could cost at least \$20 million, a portion of which is being funded from proceeds of the 2012 Bonds, and the rate increases reflected in the study were designed to include funding this project. The District does not have any current plans to issue additional obligations to fund the Alternative Water Supply Project. See "SECURITY FOR THE BONDS - Limitations on Parity Obligations and Superior Obligations" herein for a discussion of conditions which must be satisfied prior to issuance of any parity obligation.

Water Sources and Supply; Water Purchases

The District obtains imported water from the TVMWD, which is a member agency of the Metropolitan Water District of Southern California ("MWD"). The MWD is a public corporation organized in 1928 under the authority of the Metropolitan Water District Act. TVMWD was formed in 1950 (originally named the "Pomona Valley Municipal Water District," it changed its name in 1986) for the purpose of transporting state water project ("SWP") and Colorado River

water to supplement the local water supply. Water purchases are delivered via a network of reservoirs, aqueducts and pumping facilities.

The primary source of supply of imported water is MWD's Weymouth Treatment Plant in La Verne, which currently produces a blend of SWP and Colorado River water. Water from the Weymouth facility is conveyed through two pipelines. The first pipeline is MWD's Orange County Feeder, which transitions from the Weymouth facility south to Orange County, passing on the easterly side of the District. The District has two connections to the Orange County feeder. The second pipeline is the Pomona, Walnut, and Rowland Joint Water Line (PWR), which was constructed in partnership among the three entities to bring water from the Weymouth treatment facility to each agency. The pipeline is operated under the governance of the PWR Joint Water Line Commission, a joint powers authority. In addition, the TVMWD Miramar treatment facility, which treats SWP water, is connected to this pipeline, allowing the agencies to purchase surplus water from TVMWD when such surplus supplies are available. The total water purchased from TVMWD is currently 13 million gallons per day ("mgd"), which is approximately 100% of the current daily usage for the District. In Fiscal Year 2013/14, the District satisfied 97% of its annual domestic potable water demands from imported water supplies. Through all of its connections, the District has the physical capacity to purchase 35 mgd.

As discussed above, construction of the interconnection between the District and CDWC is currently under construction, with a capability of delivering 5,000 acre feet of potable water. Negotiations are currently underway with Covina Irrigating Company to supply surplus potable water to the District. It is anticipated that an agreement between the two agencies will be presented to each governing body by September or October of this year. The District is also in negotiations with the City of La Verne and the Golden State Water Company to refurbish and use ground water production wells that were previously shut down due to nitrate contamination. The District has presented to the California Department of Health a ten percent engineering design and has received a approval to continue moving forward with the project. Additionally, the District has applied for and has received approval from the IRWMP leadership committee to submit the project to the State Water Resources Control Board for Proposition 84 grant funding of \$3 million.

The District has access to MWD water through its purchase arrangement with TVMWD. MWD currently imposes a two-tier rate structure. As a member, TVMWD and MWD entered into a 10-year purchase order for imported water supply, dated January 1, 2003 (the "TVMWD Purchase Order"), pursuant to which TVMWD agreed to purchase a minimum of 60% of the previous ten years' water purchases. The TVMWD Purchase Order was subsequently extended through December 31, 2014. MWD has indicated in its disclosure documents that extensions or replacements of member agency purchase orders is expected to be addressed in the second half of 2014. Under the TVMWD Purchase Order, TVMWD is entitled to purchase sufficient amounts of untreated water necessary to sustain its water system at a cost of \$593 per acre-foot (plus certain pass-through amounts). While TVMWD purchases, and subsequent supply to the District, are subject to the overall availability of MWD water supplies, TVMWD has never been unable to obtain requested deliveries from MWD, and the District has never been unable to obtain requested deliveries from TVMWD. MWD imposes transmission costs, debt service allocation and other costs on the imported water supply, which are passed on by TVMWD to the District, and by the District to its customers (see "Water Rates and Charges" below).

The District overlies the Puente Ground Water Basin, which is a fairly shallow aquifer compared to surrounding aquifers. The water quality within the basin is very poor quality, with high levels of total dissolved solids, nitrates and volatile organic compounds. Additionally, since the basin is primarily composed of clay soils, the quantity of water produced from the basin is low. Because of the poor quality and low quantity it is not cost effective to treat water pumped from the basin to potable water standards, so therefore the water is used as supplement to the recycled water system described below. See "Groundwater Contamination" below.

MWD faces a number of challenges in providing a reliable and high quality water supply for its members, including the District. These include, among others: (1) the need to reduce deliveries from the Sacramento Delta to protect sensitive species and habitat; (2) the increased competition for low-cost water supplies; (3) variable weather conditions; and (4) increased environmental regulations for clean and safe drinking water. In response to these challenges, MWD, the District and the other member agencies have implemented a number of actions. Those actions are detailed in certain disclosure documents prepared by MWD as described below. Working closely with its member agencies, in 1996 MWD initiated a long-term water planning process that ultimately led to the preparation of its Integrated Water Resources Plan (IRP).

The IRP is a water management framework with an increased emphasis on regional collaboration. The IRP which was recently updated in 2010 is designed to (1) ensure a reliable and high quality water supply over the next 25 years; (2) coordinate the planning activities among Southern California's water providers; (3) avoid redundant investments; and (4) provide a flexible and balanced planning framework. The 1996 IRP set a regional reliability goal of meeting "full-service demands at the retail level under all foreseeable hydrologic conditions." True to this reliability goal, the 2010 IRP update seeks to stabilize MWD's traditional imported water supplies and establish water reserves to withstand California's inevitable dry cycles and growth in water demand. The 2010 IRP takes additional steps by promoting water use efficiency to further ensure reliability. The IRP spells out a strategy to buffer the region from future changing circumstances through accelerated conservation and local supply development. Furthermore, it advances long-term planning for potential future contingency resources, such as storm water capture and large-scale seawater desalination, in close coordination with MWD's 26 member agencies and other utilities.

MWD has many other ongoing projects and programs aimed at increasing water supply reliability and reducing vulnerability to droughts. Such programs include funding for local recycled and groundwater recovery projects, water transfer projects, conservation projects, and off-river, groundwater, and regional storage projects. MWD faces various serious challenges in the continued supply of imported water to its members, including the District. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD has entered into certain continuing disclosure agreements pursuant to which it is contractually obligated, for the benefit of owners of certain of its outstanding obligations, to file certain annual reports, notices of certain material events as defined under Rule 15c2-12 of the Exchange Act ("Rule 15c2-12") and annual audited financial statements with certain information repositories. MWD has not entered into any contractual commitment with the District, the Trustee or the Owners of the Bonds to provide information. MWD has not reviewed this Official Statement and has not made any representations or warranties with respect to the accuracy or completeness of the information contained or incorporated herein, including information with regard to MWD.

MWD's Internet home page is located at www.mwdh2o.com, and MWD's most recent audited financial statements are included at this Internet address. *This Internet address is included for reference only and the information on such Internet site is not a part of this Official Statement or incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on any Internet site.*

As detailed in the Urban Water Management Plan 2010 Update for MWD, MWD has determined that it expects to reliably meet projected water demands within its respective service areas through the year 2035, even under a repeat of the worst single-year and multiple-year drought events. However, these estimates may be affected by the final determination of certain environmental challenges. See "RISK FACTORS – Environmental Considerations" herein for a discussion of certain recent environmental issues which have affected, or could affect in the future, the ability of MWD to obtain water from the SWP.

The District has also entered into an agreement with the City of Industry (the "City") to purchase up to 1,600 acre feet per year of recycled water, although its ultimate goal is to utilize approximately 3,500 acre-feet a year. Pursuant to an ordinance of the District, parks, cemeteries, commercial/retail landscaping and public turf/field areas are required to be irrigated with recycled water if it is available, and users are provided approximately a 77% discount over comparable potable prices for such use. The City has a contract with Los Angeles County Sanitation District No. 2 to purchase up to 10,000 acre feet per year of wastewater for treatment in its facility. The City's recycled water system consists of the San Jose Creek Waste Water Treatment Facility, with a pump station located at the San Jose Creek Waste Water Treatment Facility, to pump water east through approximately seven miles of 36" pipeline to a centrally located storage and pumping facility. This facility consists of two steel reservoirs with a total capacity of 4 million gallons, one pumping facility to supply water to the Industry Hills Golf Course and a newly constructed pumping facility that houses pumps for the District, Suburban Water System and the City. In 2010 the District completed construction of the recycled pipeline in Arenth Avenue and Fullerton Road, looping the recycled water system, which now provides the District the ability to use the newly constructed pump station. These facilities were constructed in part with proceeds of the Prior Obligations.

In connection with its recycled water program, the District has entered into an agreement, dated September 23, 2005, with MWD and TVMWD (the "LRP Agreement") by which it is participating in MWD's local resources program (the "LRP"). The LRP was established to provide financial assistance for water recycling and groundwater recovery projects that reduce demand on MWD's imported water supply. Pursuant to the LRP Agreement, the District will receive a subsidy payment from MWD for up to 1,884 acre-feet of recycled water per year. The LRP Agreement, which terminates in 2030, provides for current subsidy payments of \$100 per acre-foot, declining to \$50 an acre-foot in 2016 through the remaining term of the LRP Agreement.

MWD's planning and development of a variety of storage programs has lessened the impacts of the drought in Southern California, and has enabled MWD to make deliveries as requested by TVMWD. In addition, as set forth in the following table, the District has made significant progress in developing local ground water sources and expanding its recycled water system to offset its import supplies.

In July 2011 the District prepared an update to its urban water management plan (the "UWMP"), as required by the California Water Code. The UWMP projected that the District is

capable of meeting the water demands of its customers in normal, single dry, and multiple dry years between 2015 and 2035. The District is required to update the UWMP every 5 years.

Historical water production by the District is summarized in the following table.

TABLE 2
ROWLAND WATER DISTRICT
SUMMARY OF WATER PRODUCTION BY SOURCE⁽¹⁾
(As of June 30)

<u>Year</u>	<u>Wells⁽²⁾</u>	<u>Imported Recycled⁽²⁾</u>	<u>Imported (MWD)</u>	<u>Imported (TVMWD)</u>	<u>Groundwater Sources</u>	<u>Total Production</u>
2002	--	--	13,106	1,847	--	14,953
2003	--	--	12,444	1,424	--	13,868
2004	--	--	12,014	2,316	--	14,330
2005	--	--	10,336	2,617	--	12,953
2006	--	--	9,653	3,492	--	13,145
2007	--	--	10,735	3,109	--	13,844
2008	--	32	10,521	2,783	--	13,336
2009	161	115	9,541	2,868 ⁽⁴⁾	--	12,685
2010	196	106	7,753	3,529	--	11,584
2011	336	71	8,219	2,682	--	11,308
2012	513	238	9,469	1,775	--	11,995
2013	134	869	10,118	1,374	--	12,495
2014 ⁽³⁾	140	900	10,000	500	1,000	12,540

Source: Rowland Water District.

(1) In acre-feet.

(2) Non-potable.

(3) Estimated.

(4) Includes approximately 2,245 acre feet placed into storage.

Storage

Storage has been provided for the existing water transmission and distribution system to reduce peak flows in the pipeline, provide uniform pressure regulation and provide a continuous source of water supply for limited periods of time when main sources of supplies are interrupted. The District has 17 reservoirs with a storage capacity of approximately 148 acre-feet. This capacity provides the Enterprise with approximately 2 days (based on average daily use) of emergency supplies. The District has an emergency connection with Suburban Water System, an adjacent private water company, and 3 potable water emergency connections and 1 recycled water emergency connection with Walnut Valley Water District.

Groundwater Contamination

The District overlies the Puente Basin, which was adjudicated in 1981 and which has been designated as a super fund site by the Environmental Protection Agency (EPA) due to contamination from a variety of industrial processes. While the District has a single well that produces a limited amount of groundwater, it is of poor quantity and quality. Due to the expense of treatment it is instead used to supplement the recycled water system, and the

District currently does not have any plans to incorporate Puente Basin groundwater into its potable water system.

Water Demand and Deliveries

The District records the volume of water delivered by the Enterprise. Over the past ten years, the District has delivered, on average, 12,490 acre feet of potable water, with the declining trend in recent years primarily attributable to conservation efforts and the development of the District's recycled water system. The following table summarizes treated water deliveries for the most recent fourteen Fiscal Years.

**TABLE 3
ROWLAND WATER DISTRICT
HISTORIC POTABLE WATER DELIVERIES⁽¹⁾
(Fiscal Year)**

<u>Year</u>	<u>Total Delivered</u>	<u>Percent of Ten Year Average</u>	<u>Change Over Previous Year</u>
2001	13,079	104.7%	--
2002	13,348	106.9	2.1%
2003	12,470	99.8	(6.6)
2004	12,839	102.8	2.9
2005	13,529	108.3	5.4
2006	12,414	99.4	(8.2)
2007	13,266	106.2	6.8
2008	13,028	104.3	(1.8)
2009	11,845	94.8	(9.1)
2010	11,170	89.4	(5.7)
2011	10,489	84.0	(6.1)
2012	11,995	96.0	14.3
2013	12,495	100.0	4.2
2014 ⁽²⁾	12,540	100.4	0.3

Source: Rowland Water District.

(1) In acre feet.

(2) Estimated.

The following table summarizes non-potable water deliveries for the most recent six Fiscal Years (reflecting efforts by District to reduce subsidy of non-potable uses by potable sources).

TABLE 4
ROWLAND WATER DISTRICT
HISTORIC NON-POTABLE WATER DELIVERIES⁽¹⁾
(As of June 30)

<u>Year</u>	<u>Total Delivered</u>
2009	276
2010	302
2011	407
2012	751
2013	1,003
2014 ⁽²⁾	1,040

Source: Rowland Water District.

(1) In acre-feet.

(2) Estimated.

The District estimates that potable water delivered by the Enterprise for the current and next five Fiscal Years will increase by approximately 1% a year. Actual potable water deliveries may vary materially from such estimated amounts. Upon ultimate build out of the recycled water system, the District estimates delivery of approximately 3,500 acre feet to a variety of landscape and industrial users.

Conservation Requirements and Contingency Plans

State Senate Bill No. 7, titled the "Sustainable Water Use and Demand Reduction" ("SBx 7"), was signed into law on November 10, 2009. SBx 7 requires, among other things, that the State achieve a 20% reduction in urban per capita water use by December 31, 2020, by reducing per capita water use by at least 10% over baseline use, on or before December 31, 2015. SBx 7 also requires each urban retail water supplier (including the District) to develop urban water use targets and an interim water use target in accordance with specified requirements. The District established a per capita water use target 146.53 gallons per capita per day (GPCD) to comply with the legislation (based on the District's baseline use of 153.96 GPCD). The District expects to realize its use targets by or before 2020, and has implemented a three-tiered rate schedule to encourage conservation (see "Enterprise Rate and Charges" below).

The District actively participates in various MWD residential and commercial rebate programs, as well as school and public education and outreach programs and other programs. These programs include plumbing code enforcement, plumbing retrofit rebates, turf and landscape replacement incentive programs, educational programs and water audits.

Water Quality Compliance

Imported water from MWD is provided to the District already treated. The kind and degree of water treatment which is also effected through the Enterprise is regulated, to a large extent, by the federal government. Clean water standards set forth in the Safe Drinking Water Act and the Environmental Protection Act continue to set standards for the operations of the Enterprise and to mandate its use of technology. In the event that the California Department of Health Services or the Federal government, either acting through the Environmental Protection Agency or by adoption of additional legislation, should impose stricter quality standards upon the Enterprise, its expenses would increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction which State and federal regulation will take with respect to water treatment.

Enterprise Rates and Charges

General. In accordance with California law, the District may, from time to time, fix, alter or change fixed monthly system access fees, commodity charges and other fees related to the Enterprise. Consequently, the District periodically reviews water rates. In accordance with California law, the District reviews such charges and fees to determine if they are sufficient to cover operation and maintenance costs, capital improvement expenditures and debt service requirements. Such charges and fees are set by the District for the services provided by the Enterprise after a public hearing is held. Neither the District nor the Enterprise is subject to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body in connection with the establishment of charges and fees related to the Enterprise. See "RISK FACTORS – Proposition 218" herein for a discussion of the treatment of the District's rates and charges in light of Proposition 218.

The District staff periodically determines the accuracy of the Enterprise rate structure after full consideration of expected operations, maintenance and capital costs. The following table discloses the current schedule of water rates and charges of the District in effect on January 1, 2014. The water rate schedule consists of two components: a service charge based on meter size and a quantity charge for the amount of water used. The current service charges recover most of the District's fixed costs. The current quantity charges recover most of the variable costs.

The District's previous rate increase went into effect in January of 2014. The District subsequently engaged the engineering services of WS Atkins plc, San Diego, California ("Atkins") to review costs and revenues of the District. Based on the Atkins's recommendations, the District initiated a rate increase in October of 2012, which includes increases for years 2013 through 2017. The rate increases reflect a pass-through of MWD's currently scheduled water rate increases of 3% for the next 5 years, and purchase and commodity costs to cover maintenance of the Enterprise, debt service payments, reserve requirements and other District obligations. The rate increase further provides for automatic adjustments over the next 5 years in the event the MWD costs increase or decrease from the current scheduled rates.

The District pumps water to six different pumping zones. The commodity rate for Zone 1 is the base rate before pumping charges. The pumping rate for each zone is added to the charge for each lower elevation zone. Pumping charges are applied to all user classes.

Pursuant to Board action taken on October 9, 2012, the District adopted the water rates set forth in the following tables. The District currently expects to undertake a new 5-year rate study in the latter part of 2015.

**ROWLAND WATER DISTRICT
ENTERPRISE QUANTITY RATES AND CHARGES
(Adopted October 9, 2012)**

Potable Water Rates for Single Family Residential

Pressure Zone	Usage ⁽¹⁾	2012 Rate ⁽¹⁾	Rate as of 1/1/13 ⁽¹⁾	Rate as of 1/1/14 ⁽¹⁾	Rate as of 1/1/15 ⁽¹⁾	Rate as of 1/1/16 ⁽¹⁾	Rate as of 1/1/17 ⁽¹⁾
Zone I	1-16	\$2.30	\$2.52	\$2.62	\$2.71	\$2.77	\$2.84
	17-23	2.61	2.90	3.01	3.11	3.19	3.27
	24+	3.30	3.65	3.80	3.92	4.02	4.12
Zone II	1-16	2.43	2.71	2.82	2.91	2.98	3.06
	17-23	2.74	3.09	3.21	3.31	3.40	3.49
	24+	3.43	3.84	4.00	4.12	4.23	4.34
Zone III	1-16	2.54	2.99	3.10	3.20	3.28	3.37
	17-23	2.85	3.37	3.49	3.60	3.70	3.80
	24+	3.55	4.12	4.28	4.41	4.53	4.65
Zone IV	1-16	2.98	3.83	3.97	4.09	4.20	4.32
	17-23	3.29	4.21	4.36	4.49	4.62	4.75
	24+	3.98	4.96	5.15	5.30	5.45	5.60
Zone V	1-16	3.23	4.40	4.56	4.70	4.83	4.96
	17-23	3.55	4.78	4.95	5.10	5.25	5.39
	24+	4.24	5.53	5.74	5.91	6.08	6.24
Zone VI	1-16	3.41	4.73	4.90	5.05	5.19	5.33
	17-23	3.72	5.11	5.29	5.45	5.61	5.76
	24+	4.41	5.86	6.08	6.26	6.44	6.61

(1) Per hcf.

Potable Water Rates for Commercial and Multi-Family

Pressure Zone	2012 Rate ⁽¹⁾	Rate as of 1/1/13 ⁽¹⁾	Rate as of 1/1/14 ⁽¹⁾	Rate as of 1/1/15 ⁽¹⁾	Rate as of 1/1/16 ⁽¹⁾	Rate as of 1/1/17 ⁽¹⁾
Zone I	\$2.32	\$2.70	\$2.80	\$2.90	\$2.97	\$3.04
Zone II	2.45	2.80	3.00	3.10	3.18	3.26
Zone III	2.56	3.08	3.28	3.39	3.48	3.57
Zone IV	3.00	3.92	4.15	4.28	4.40	4.52
Zone V	3.25	4.49	4.74	4.89	5.03	5.16
Zone VI	3.43	4.82	5.08	5.24	5.39	5.53

(1) Per hcf.

Recycled Water Rates

2012 Rate	Rate as of 1/1/13	Rate as of 1/1/14	Rate as of 1/1/15	Rate as of 1/1/16	Rate as of 1/1/17
\$1.46/hcf	\$1.53/hcf	\$1.61/hcf	\$1.66/hcf	\$1.71/hcf	\$1.76/hcf

The following table presents the Monthly/Bi-monthly Service Charge levied by the District.

**ROWLAND WATER DISTRICT
ENTERPRISE WATER SERVICE CHARGES
(Adopted October 9, 2012)**

Potable/Recycled Monthly Water Service Charge for all Customer Classes⁽¹⁾

Meter Size	2012 Rate	Rate as of 1/1/13	Rate as of 1/1/14	Rate as of 1/1/15	Rate as of 1/1/16	Rate as of 1/1/17
5/8"	\$ 19.31	\$ 23.53	\$ 24.24	\$ 24.96	\$ 25.12	\$ 25.91
¾"	19.31	23.53	24.24	24.96	25.12	25.91
1"	32.04	39.08	40.26	41.46	41.73	43.03
1-1/2"	63.85	77.95	80.31	82.70	83.24	85.83
2"	102.03	124.60	128.37	132.19	133.05	137.19
3"	191.12	233.44	240.52	247.66	249.28	257.04
4"	318.39	388.93	400.72	412.62	415.33	428.24
6"	636.56	777.65	801.24	825.03	830.44	856.27
8"	1,018.36	1,244.12	1,281.85	1,319.92	1,328.58	1,369.89
10"	1,463.80	1,788.33	1,842.57	1,897.29	1,909.73	1,969.12
12"	2,736.48	3,343.22	3,444.62	3,546.91	3,570.18	3,681.20

(1) Excluding Construction/Temporary and Fire Service.

Fire Service – Device Charge

The table below sets forth the fire service charge, which was not changed by the recent Board action.

<u>Meter Size</u>	<u>Bi-Monthly Rate</u>
2"	\$19.92
3"	28.88
4"	36.75
6"	73.50
8"	169.81
10"	305.37
12"	493.26

The table below sets forth a comparison of average monthly bill for a single family residential unit with a 5/8-inch meter in the District to those of surrounding communities, utilizing 20 hfc (approximately 14,960 gallons) of water per month.

**TABLE 5
ROWLAND WATER DISTRICT
MONTHLY BILL COMPARISON⁽¹⁾
(As of June 30, 2013)**

<u>Community</u>	<u>Monthly Residential Bill</u>
Ontario	\$69.00
District⁽²⁾	63.00
Fullerton	61.00
Walnut	70.00
Yorba Linda	58.82
Pomona	53.62

Source: Rowland Water District.

(1) Includes monthly meter and commodity charges.

(2) Reflects current rates. Reflects average zone pumping cost, so includes a component of pumping to highest elevations in the District.

The District anticipates reviewing its rates periodically, and raising rates as future needs of the Enterprise increase.

In addition to the service and quantity charges, the District charges new development an acreage supply charge to connect to the Enterprise. This charge is equal to the greater of \$1,750 an acre (or pro-rata portion thereof) of undeveloped land, or the actual cost of the infrastructure necessary for connection to the Enterprise.

Collection Procedures

The District is on a monthly/bi-monthly billing cycle. Customers on a bi-monthly cycle have 30 days to pay the charges. If not paid within the 30 days, they receive a late bill including a \$10.00 late fee giving them an additional 10 days to pay. If not paid, they receive a 48-hour

door hanger, which includes an additional \$20.00 charge, and notifies the customer that water service will be discontinued if the balance due is not paid within the 48-hour period. Customers on a monthly cycle have approximately 25 days to pay the balance due. If not paid within this time period, their next monthly bill indicates that they are given approximately 12 days to pay the previous balance due, including a \$10.00 late fee. If the previous balance due is not paid prior to the specified due date, a 48-hour door hanger is given, including an additional \$20.00 fee and if the balance due is not paid, service is discontinued. Currently, approximately 2.45% of accounts are considered delinquent by the District.

Outstanding Enterprise Indebtedness

As of the date of issuance of the Bonds, the only other indebtedness secured by Net Revenues is the 2012 Installment Purchase Contract which secures the Agency's 2012 Bonds, which are secured on a parity basis with the Bonds.

Largest Customers

The following are the ten largest water customers of the Enterprise based on estimated consumption as of June 30, 2013 (estimates for Fiscal Year 2013/14 are not yet available). The top ten potable water users accounted for approximately 15.5% of estimated total water consumption in Fiscal Year 2012/13, and approximately 12.6% of estimated total operating revenues for the same period.

TABLE 6
ROWLAND WATER DISTRICT
TEN LARGEST POTABLE WATER CUSTOMERS
(As of June 30, 2013)

<u>Customer</u>	<u>Water Consumption⁽¹⁾</u>	<u>Percent of Total⁽²⁾</u>	<u>Gross Revenues</u>	<u>Percent of Total⁽³⁾</u>
Morningstar Foods	243,317	5.10%	\$548,013	4.15%
Dean Foods	162,767	3.41	366,462	2.78
Alta Dena Dairy	123,521	2.59	277,636	2.10
La Serna Apartments	43,060	0.90	96,793	0.73
Hacienda Gardens	38,478	0.81	96,474	0.73
Safe Plating	34,063	0.71	76,674	0.58
RH Mobile Estates	27,585	0.58	62,036	0.47
Bay Valley Foods	26,804	0.56	60,260	0.46
Seafood Village Inc.	19,071	0.40	43,339	0.33
Casa La Pax	<u>18,975</u>	<u>0.40</u>	<u>42,678</u>	<u>0.32</u>
Totals	737,641	15.46%	\$1,670,365	12.65%

Source: Rowland Water District.

(1) In ccf's; based on average monthly consumption.

(2) Based on total of approximately 4,975,859 ccf's (approximately 11,423 acre-feet) delivered in Fiscal Year 2012/13.

(3) Based on total of approximately \$13,195,812 of water sale revenues in Fiscal Year 2012/13.

The following table illustrates the allocation of water sales (excluding service charges) for Fiscal Year 2013/14 by connection category.

TABLE 7
ROWLAND WATER DISTRICT
ALLOCATION OF WATER SALES REVENUES
(Fiscal Year 2013/14)

<u>Category</u>	<u>% of Revenue⁽¹⁾</u>
Residential	60.0%
Business	33.0
Public	1.0
Industrial	0.5
Recycled	5.0
Other	0.5

Source: Rowland Water District.

(1) Water sales only; excludes service charges. Estimated.

Reserves

Pursuant to Resolution No. 12-2001, adopted December 11, 2001, the District Board established a Reserve Policy with respect to its unrestricted reserve funds. The Reserve Policy provides that all unrestricted reserve funds of the District are to be held in either the Operations Fund or the Capital Facilities Fund. The goal of the Reserve Policy is to maintain on deposit in the Operations Fund (i) an amount equal to approximately 25% of annual operations costs as an operating reserve, and (ii) a rate stabilization fund to respond to significant extraordinary expenses or temporary reduction or disruption of revenues. As of June 30, 2014, approximately \$3,610,000 was on deposit in the operating reserve, \$976,591 was on deposit in the rate stabilization fund, and \$500,000 was the unrestricted fund balance.

The purpose of the Capital Facilities Fund is to fund scheduled rehabilitation and replacement of capital facilities, and to improve facilities to meet future demand and regulatory requirements, and includes an Expansion Reserve, a Capital Improvement Reserve and a Minor Equipment Reserve. The Expansion Reserve component is intended to be funded from acreage supply charges on new or expanded connections. Amounts on deposit in the Expansion Reserve are restricted to fund capital improvements to expand existing facilities or fund facilities for new development, and are available for payment of debt service on the Bonds and the 2012 Installment Payments if proceeds of the Bonds or 2012 Installment Payments are used for such purposes. The capital and equipment reserve components are intended to be funded from operating and non-operating sources, as available, to fund scheduled rehabilitation, replacement and upgrade of facilities, with the goal of maintaining on deposit an amount equal to approximately 50% of annual depreciation expenses. As of June 30, 2014, approximately \$1,542,933 was on deposit in the Expansion Reserve, \$10,266,437 was on deposit in the capital improvement reserve, and \$59,343 was on deposit in the minor equipment reserve.

The following chart illustrates the reserves of the District for Fiscal Years 2004 through 2014. While the reserves may be allocated by the District to pay debt service on the Bonds and 2012 Installment Payments (except for amounts in the Expansion Reserve, unless such

payments relate to use of Bond or 2012 Installment Payments proceeds for which such reserve may be expended), they are not pledged for such purpose. Such reserves may be utilized at any time for lawful expenditures by the District, and no assurance can be made that the reserves will be available to pay debt service on the Bonds. The Reserve Policy is subject to change by future Board action.

**TABLE 8
ROWLAND WATER DISTRICT
UNENCUMBERED RESERVES
(As of June 30)**

<u>Fiscal Year</u>	<u>Ending Fund Balance⁽¹⁾</u>	<u>Percent Change</u>
2004	\$23,875,217	--
2005	23,280,883	(2.49%)
2006	21,974,541	(5.61)
2007	21,939,119	(0.16)
2008	22,060,723	0.55
2009	20,250,220	(8.21)
2010	19,637,908	(3.02)
2011	19,634,112	(0.02)
2012 ⁽²⁾	16,980,820	(13.51)
2013	17,568,206	3.46
2014	16,642,270	(5.56)

Source: Rowland Water District.

(1) Includes only amounts available to pay Installment Payments.

(2) Reduction primarily reflects use of reserves for one-time purchase of water rights and stored water.

Retirement Plan

All eligible employees of the District are enrolled in the California Public Employees' Retirement System ("PERS"), an agent multiple-employer public employee defined benefit pension plan. The District pays 100% of the employer share. In most cases, PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. The District pays and reports 100% of the value of the employee share as special for the purpose of retirement benefit calculations. The District's portion for contribution of the employee rate is determined by the District Board of Directors. For eligible employees, the benefit is 2.5% at age 55. For the Fiscal Year ended June 30, 2014, the District's pension expenditures for full-time employees amounted to approximately \$841,851, and for Fiscal Year 2014/15 such expenditures are budgeted to be \$560,000. The District has an unfunded accrued liability to the plan at June 30, 2014 of approximately \$3,761,269.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (GASB 45), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits

(OPEB). GASB 45 requires that local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. The District began implementation of GASB 45 for its Fiscal Year ending June 30, 2009.

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The District provides post-retirement benefits to qualifying retirees (those who have reached the age of 55 with 15 consecutive years of service) for medical coverage. Benefits, which totaled \$117,641 in Fiscal Year 2011/12, \$103,272 in Fiscal Year 2012/13 and approximately \$118,860 in Fiscal Year 2013/14, are funded monthly on a pay-as-you-go basis. On April 11, 2011, the District made a \$400,000 contribution to a trust account established to fund the District's net OPEB obligation. There are 7 eligible participants that received benefits in Fiscal Year 2013/14. Based on an actuarial study prepared for the District in connection with the implementation of GASB 45, as of July 1, 2013 the District's accrued liability for these benefits was approximately \$4,062,469. An updated actuarial study is expected to be completed in 2015.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for the Fiscal Year 2015/16. While the District currently estimates that these changes in amortization and smoothing policies will increase its contribution levels by approximately 2.4% to 4.8%% over the five year period, it has not determined how this will be reflected in the District's budgets for such periods.

These adjustments have been undertaken in order to address underfunding of the PERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. The District is unable to predict what the amount of PERS liabilities will be in the future, or the amount of the PERS contributions which the District may be required to make. More information about the PERS discount rate adjustment can be accessed through the PERS web site at www.calpers.ca.gov. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and amended various sections of the California Government Codes. PEPRA (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS pension benefit payouts, (iii) addresses numerous abuses of the system,

and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRAs applies to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS). The provisions of PEPRAs went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, will have a five-year window to negotiate compliance with PEPRAs through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of PERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers.

PERS has predicted that the impact of PEPRAs on employers and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS has noted that changes arising from PEPRAs could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

The District is unable to predict the amount of future contributions it will have to make to PERS as a result of the implementation of PEPRAs (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations. More information about PEPRAs can be accessed through the PERS web site at www.calpers.ca.gov. The references to this internet website is for reference and convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by reference.

The District's Financial Report for the Fiscal Year ended June 30, 2013, and in particular the Notes thereto, includes additional information on the District's pension liabilities and available funding and postemployment liabilities and funding. See APPENDIX B hereto.

Property Tax Revenues; Assessed Valuations

The levy and collection of ad valorem property taxes provides a source of funds for the District. Property taxes received by the District represent the District's share of the \$1 per \$100 county-wide ad valorem property tax levy collected by the County. The taxes collected are allocated to taxing agencies within the County, including the District, on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in assessed value (new construction, change of ownership and inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically-defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

There can be no assurance that the allocation formula currently established by State law will continue in the future. If the formula is changed in the future, it could have a material adverse effect on the receipt of property tax revenue of the District. The District does not anticipate, however, that potential changes in the allocation formula would have a material impact on its ability to meet its obligations. For further information concerning the continued

receipt by the District of a share of the 1% county-wide ad valorem property tax, see "RISK FACTORS – Impact of State Budget" herein.

The following table provides a record of secured assessed valuation and tax collections within the District and the amount the District received as its share of the 1% property tax during the six most recent Fiscal Years.

**TABLE 9
ROWLAND WATER DISTRICT
SECURED ASSESSED VALUATION AND TAX COLLECTION⁽¹⁾**

<u>Fiscal Year (As of June 30)</u>	<u>Total Secured Assessed Valuation Within District</u>	<u>Property Tax Levy</u>	<u>District Property Tax Revenue⁽³⁾</u>
2008	\$6,265,306,280	\$247,411	\$230,538
2009	6,591,517,098	256,003	240,821
2010	6,539,533,668	246,544	234,745
2011	6,491,440,271	246,856	239,026
2012	6,551,028,300	252,478	244,765
2013	6,674,070,762	246,941	325,159
2014	7,343,157,221	259,669	280,662

Source: Los Angeles County Auditor's Reports: Secured Tax Apportionment Ledger and Assessed Value Agency Report.

- (1) Excludes amounts collected for general obligation bond debt service, and District's share of interest and penalties on delinquencies.
- (2) Estimated.

Historic Operating Results

The following table is a summary of audited operating results of the Enterprise for Fiscal Years 2009/10 through 2012/13 and a summary of estimated operating results of the Enterprise for Fiscal Year 2013/14. See APPENDIX B for the audited financial statement for the Fiscal Year ended June 30, 2013. The auditor has not reviewed such statements in connection with their inclusion in this Official Statement, nor has the District requested such a review. Selected information from the aforementioned audited financial statements has been used to prepare the following five-year comparative summary of revenues and expenses.

The results presented in the following summary are qualified in their entirety by reference to the respective annual consolidated audited financial statements of the District, including the notes thereto. Copies of the audited financial statements for the District's other Fiscal Years can be obtained at the office of the General Manager.

The District currently expects to undertake a new 5-year rate study in the latter part of 2015. In addition, the District expects that new water sources coming on line (see "Recent and Future Enterprise Improvements" above) will provide less expensive water than that currently purchased from MWD.

TABLE 10
ROWLAND WATER DISTRICT
HISTORIC OPERATING RESULTS
(Fiscal Year Ended June 30)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014⁽¹⁾</u>
Operating Revenues					
Water Sales	\$10,290,586	\$10,970,159	\$11,443,758	\$13,195,812	\$13,591,686
Water Service	<u>4,282,079</u>	<u>4,705,043</u>	<u>4,910,386</u>	<u>5,666,651</u>	<u>5,836,651</u>
Total operating revenues	14,572,665	15,675,202	16,354,144	18,862,463	19,428,337
Operating Expenses					
Water purchases	7,464,916	8,463,400	8,953,225	10,033,145	10,233,808
Pumping and power	735,326	868,504	834,151	845,228	862,133
Transmission and distribution	871,616	949,055	1,005,971	1,518,173	1,548,536
Customer services	153,994	151,983	137,355	122,420	124,868
Depreciation	1,381,191	1,855,561	2,120,426	2,211,497	2,255,727
Other	489,157	410,439	455,365	301,870	307,907
General and admin.	<u>3,239,603</u>	<u>3,307,605</u>	<u>3,764,181</u>	<u>4,245,888</u>	<u>4,330,806</u>
Total operating expenses	<u>14,335,803</u>	<u>16,006,547</u>	<u>17,270,674</u>	<u>19,278,221</u>	<u>19,663,785</u>
Operating income (loss)	236,862	(331,345)	(916,530)	(415,758)	(235,448)
Non-operating Revenues (Expenses)					
Investment income	639,479	306,029	391,966	303,285	309,351
Property taxes	250,528	226,424	255,964	325,159	331,662
Gain (loss) from sale of assets	3,975	20,853	26,128	-	-
Interest Expense	(216,175)	(1,033,334)	(1,128,955)	(1,586,698)	(1,928,300)
Amortization of debt discount and costs	(16,785)	(16,785)	(16,785)	(204,538)	(27,295)
Miscellaneous	<u>206,573</u>	<u>186,353</u>	<u>186,741</u>	<u>164,854</u>	<u>168,151</u>
Total non-operating revenues (expenses)	867,595	(310,730)	(284,941)	(997,938)	(1,146,431)
Net income (loss) before capital contribution	1,104,457	(642,075)	(1,201,471)	(1,413,696)	(1,381,879)
Capital contribution	<u>155,868</u>	<u>237,776</u>	<u>164,056</u>	<u>328,639</u>	<u>221,585</u>
Change in net assets	1,260,325	(404,299)	(1,037,415)	(1,085,057)	(1,160,294)
Net assets (July 1) (as restated) ⁽²⁾	<u>62,478,296</u>	<u>63,738,621</u>	<u>63,759,220</u>	<u>62,637,982</u>	<u>63,798,276</u>
Net assets (June 30)	\$63,738,621	\$63,334,322	\$62,721,805	\$61,552,925	\$62,637,982
Net Revenue	\$2,714,633	\$2,243,022	\$1,964,087	\$1,961,919	\$3,025,000
2008 Certificates/2012 Bonds Debt Service	\$1,429,457	\$1,477,750	\$1,407,870	\$1,493,090	\$2,643,300
Debt Service Coverage	1.90	1.52	1.40	1.31	1.14

Source: District audited financial statements.

(1) Estimated, unaudited.

(2) 2012 restated to reflect capitalization of recently completed recycled water system improvements.

Projected Operating Results

The District's estimated projected operating results for the Enterprise for the Fiscal Years ending June 30, 2015 through June 30, 2019 are set forth below, excluding depreciation. The District currently expects to undertake a new 5-year rate study in the latter part of 2015.

**TABLE 11
ROWLAND WATER DISTRICT
PROJECTED OPERATING RESULTS
(Fiscal Year ending June 30)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Water Sales-Consumption ⁽¹⁾					
Water Sales-Service Charge ⁽¹⁾					
Penalties					
Interest Income ⁽²⁾					
Miscellaneous ⁽³⁾					
Private Fire Service					
Total Revenues					
Expenses⁽⁴⁾					
Purchased Water and Power					
Other Operating Expenses					
Administrative and Miscellaneous					
Salaries, Wages and Benefits					
Pension Funding					
Total Expenses					
Net Revenue					
Debt Service ⁽⁵⁾					
2012 Bonds					
Bonds					
Total Debt Service					
Debt Service Coverage					

Source: Rowland Water District, Atkins and Underwriter (with respect to debt service numbers).

- (1) Assumes annual customer increase of __%, inflation of __%. Reflects approved service charge rate increases and conversion to block rates, [including amounts required to finance the proposed Alternative Water Supply Project] (see "Recent and Future Enterprise Improvements" above).
- (2) Includes interest on funds held by the District and the Trustee.
- (3) Income from lease of property, fire flow fees, property tax revenues and other miscellaneous income.
- (4) Excludes depreciation. General expenses are projected to increase by an average of __%, salaries and benefits are projected to annually increase by __%, and fixed MWD charges are projected to annually increase by __%.
- (5) [Debt service coverage does not reflect inclusion of potential future debt service to finance proposed Alternative Water Supply Project.] See "SECURITY FOR THE BONDS - Limitations on Parity Obligations and Superior Obligations" herein for a discussion of conditions which must be satisfied prior to issuance of any parity obligation.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Bond Counsel is of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California personal income taxes.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Bond (other than a purchaser who holds such Bond as inventory, stock in

trade or for sale to customers in the ordinary course of business) over the principal amount of such Bond constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond and the basis of such Bond acquired at such initial offering price by an initial purchaser of each such Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase such Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds. All holders of such Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Bond based on the purchaser's yield to maturity in such Bonds, except that in the case of such a Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such a Bond is required to decrease his or her adjusted basis in such Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Bond, and with respect to the state and local tax consequences of owning and disposing of such a Bond.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Form of Opinion

The form of Bond Counsel's anticipated opinion is included as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

NO LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the District taken with respect to any of the foregoing. The District is not aware of any litigation pending or threatened questioning the existence or powers of the District or the ability of the District to pay principal or interest on the Bonds.

Although the District is subject to a number of lawsuits in the ordinary conduct of its affairs, there are no claims or actions, threatened or pending, which, if determined against the District, either individually or in the aggregate, would have a material adverse effect on the financial conditions of the District, Net Revenues or the Revenue Fund.

RATINGS

Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("Standard & Poor's") has assigned its municipal bond rating of "_____" to the Bonds as of the Closing Date. The rating reflects only the views of such organization, and an explanation of the significance of such ratings may be obtained from Standard & Poor's. There is no assurance that either rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any downward revision or withdrawal of any rating obtained. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

PROFESSIONAL FEES

In connection with the issuance of the Bonds, fees payable to Nossaman LLP as Bond Counsel and Disclosure Counsel, Urban Futures, Inc., as financial advisor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, are contingent upon the issuance of the Bonds. Although it is serving as Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds, Bond Counsel represents the Underwriter in connection with other financings and matters unrelated to the Bonds.

FINANCIAL ADVISOR

The District has retained Urban Futures, Inc., Orange, California, as Financial Advisor for the sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Urban Futures, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the Bonds, _____, _____, _____, will deliver its independent certified public accountants' verification report on the mathematical accuracy of certain computations, contained in schedules provided to it which were prepared on behalf of the District by the Underwriter, relating to the sufficiency of the anticipated receipts from the securities deposited with the Escrow Agent (the "Escrow Securities") to pay, when due, the principal whether at maturity or upon prior redemption, interest and redemption premium requirements of the Prior Obligations. See "THE REFUNDING PLAN" above.

The report of _____ will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

CERTAIN LEGAL MATTERS

Upon the delivery of the Bonds, Nossaman LLP, Irvine, California, Bond Counsel, will issue its opinion approving the validity of the Bonds, the form of which opinion is set forth in APPENDIX C hereto. Certain legal matters will be passed upon for the District by Janet Morningstar, a Law Corporation, its general counsel, and by Nossaman LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California.

UNDERWRITING

The District has agreed to sell the Bonds to Mitsubishi UFJ Securities (USA), Inc., as underwriter (the "Underwriter"), and the Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$_____ (principal amount of the Bonds of \$_____, less an underwriter's discount of \$_____, and [less net original issue discount] [plus net original issue premium] of \$_____). The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the prices and/or yield set forth on the cover page of this Official Statement, which prices or yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers. In reoffering Bonds to the public, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices for Bonds at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

The Underwriter has entered into an agreement with UnionBanc Investment Services LLC ("UBIS") pursuant to which UBIS may distribute certain municipal securities offerings underwritten by Mitsubishi UFJ Securities (USA), Inc., including the Bonds. Pursuant to this agreement, Mitsubishi UFJ Securities (USA), Inc. will share a portion of its underwriting compensation with UBIS with respect to the Bonds.

From time to time, Mitsubishi UFJ Securities (USA), Inc. and its affiliate, MUFG Union Bank, N.A. (formerly Union Bank, N.A.), provide various services to District including commercial banking and other services for which they receive customary compensation.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement have been authorized by the members of the District.

ROWLAND WATER DISTRICT

By: _____
General Manager

APPENDIX A
SUMMARY OF THE INDENTURE

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2012/13

APPENDIX C
FORM OF FINAL OPINION OF BOND COUNSEL

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

BOOK ENTRY PROVISIONS

The information concerning DTC set forth herein has been supplied by DTC, and the District assumes no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and Its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve Enterprise, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing corporation" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfer and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC) as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has been rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Other Communications. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. THE AUTHORITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Voting Rights. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption Proceeds. Payments of principal and interest with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE TRUSTEE AND THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT

SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNER OF THE BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION "TAX MATTERS" HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest with respect to the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture.

Tab

2.3



RESOLUTION NO. 9-2014

**ROWLAND WATER DISTRICT
RESOLUTION OF THE BOARD OF DIRECTORS
DECLARING A LEVEL TWO WATER SUPPLY SHORTAGE
AND INSTITUTING LEVEL TWO CONSERVATION REQUIREMENTS**

WHEREAS, ROWLAND WATER DISTRICT (“District”) is a water district empowered to provide water service within District boundaries; and

WHEREAS, on January 17, 2014 Governor Edmund G. Brown, Jr. issued Proclamation January 17, 2014 declaring a State of Emergency to exist in California due to severe drought conditions; and

WHEREAS, Water Code Section 1058.5 grants the State Water Resources Control Board the authority to adopt emergency regulations in certain drought years in order to: “prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation”; and

WHEREAS, On July 15, 2014, the State Water Resources Control Board declared a regional water shortage within its service area and adopted mandatory water conservation measures within its boundaries; and

WHEREAS, following the making of findings as required by law in accordance with Water Code Section 375, the District has the power and authority to adopt mandatory water conservation measures within its boundaries; and

WHEREAS, the District is required to comply with State law, including regulations adopted by the State Water Resources Control Board (SWRCB), codified at title 23 of the California Code of Regulations by implementing relevant provisions of the District’s Water Shortage Contingency Plan.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Rowland Water District, as follows:

1. The Board of Directors declares that a Level 2 Water Supply Shortage condition exists.
2. The following mandatory water conservation measures and water use restrictions specified under a Level 2 Water Supply Shortage shall go into effect beginning on September 9, 2014, and the metered reduction requirements shall apply to water use within the District beginning with billing periods commencing on or after October 1, 2014:
 - a. **Limits on Watering Hours:** No watering or irrigation of lawn, landscape or other vegetated area with potable water between the hours of 8:00 a.m. and 5:00 p.m.
 - b. **Excessive Water Flow or Runoff:** Eliminate watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive water flow or runoff onto an adjoining sidewalk, driveway, street, alley, gutter or ditch.
 - c. **Washing Down of Hard or Paved Surfaces:** Washing down of hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, should only be done when using a bucket or similar container, a hand-held hose equipped with a positive self-closing shut-off device, a low volume, high-pressure cleaning machine, or a low-volume high-pressure water broom.
 - d. **Serving Water at Establishments:** Eating or drinking establishments, including but not limited to restaurants, hotels, cafes, bars or other public places where food or drinks are sold or served should provide drinking water to patrons only upon request.
 - e. **Lodging Establishments Linen Service:** Hotels, motels, or other commercial lodging establishments should offer customers the option of not having towels and linens laundered daily. Commercial lodging establishments should prominently display notice of this option in each bathroom using clear and easily understood language.
 - f. **Limits on Watering Days:** Watering or irrigation of lawn, landscape or other vegetated area with potable water is limited to two days per week (**Monday and Friday**). Irrigation by hand-held hose equipped with a positive self-closing shut-off nozzle, drip irrigation type irrigation systems when no emitter produces more than two (2) gallons per hour, or hand-held bucket or similar container is permitted at other times.

- g. **Obligation to Fix Leaks, Breaks or Malfunctions:** All leaks, breaks and malfunctions in the customer's plumbing must be repaired within forty-eight (48) hours of discovery. Failure to repair a leak or break within 24 hours of notification by the District will constitute a violation.
 - h. **Construction/Temporary Water:** Potable (drinking) water used on a temporary basis for construction and dust control shall be limited to that quantity identified in the plan submitted by the user which describes water use requirements. The plan must be submitted and approved by the District. Upon availability, non-potable recycled water will be made available for these uses.
 - i. **Fire Hydrant Use:** Use of water from fire hydrants shall be limited to fire fighting and related activities, or for activities necessary to maintain the public health, safety and welfare.
 - j. **Limits on Filling Ornamental Lakes or Ponds:** Filling or refilling of ornamental lakes or ponds is prohibited, except to the extent needed to sustain existing aquatic life.
 - k. **Limits on Washing of Vehicles:** Using water to wash motor vehicles, trailers, boats and other types of mobile equipment is prohibited except by use with a bucket or hand-held hose equipped with a positive self-closing water shut-off nozzle or device.
 - l. **Limits on filling Residential Swimming Pools and Spas:** Emptying or refilling swimming pools, spas and ponds for cleaning purposes is prohibited. Water levels may be maintained.
 - m. **Metered Reduction:** Water consumption as measured through the customer's meter shall be reduced by the customer by **Twenty percent (20%)** calculated based on the amount of water used by the same customer during the same billing period in the last calendar year during which no potable water shortage was declared. For those customers who do not have historical data upon which to base the reduction, an average consumption for the area will be used as a baseline for reduction.
3. Written notice of the declaration of a Level 2 Water Supply Shortage and the regulations and restrictions applicable to use of water supplied by Rowland Water District shall be mailed to each customer and published in a newspaper of general circulation within 10 days of the adoption of this Resolution.

BE IT FURTHER RESOLVED, that the Board of Directors finds that the provisions of this Resolution are exempt from the provisions of the California Environmental Quality Act as an action to mitigate emergency conditions and as a rate setting measure pursuant to Public Resources Code §21080(b)(4) and (8).

Adopted at the regular meeting of the Board of Directors held September 9, 2014 by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

SZU PEI LU-YANG
President

ATTEST:

KEN DECK
Secretary

Tab

2.4

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT:

1

Claimant name, address (mailing address if different), phone number, social security number, and date of birth.

Name: Verizon/Claims Management Resources Phone Number: (800) 321 4158

Address(es): 726 W. Sheridan
Oklahoma City, OK 73102

Social Security Number:

Date of Birth:

2

List name, address, and phone number of any witnesses.

Name: Rowland Water District employees

Address:

Phone Number: ()

3

List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted.

Date: 03.05.14 Time: Place: West of 17405 GALE AVE # AZUSA, ARMO

Tell What Happened (give complete information):

Rowland Water District damaged a 400 pair buried Verizon cable while repairing a water line

NOTE: Attach any photographs you may have regarding this claim.

4

Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.

Rowland Water District damaged a 400 pair buried Verizon cable while repairing a water line

5

Give the name or names of the public employee or employees causing the injury, damage, or loss, if known.

Rowland Water District

6

The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.

\$7,271.90

Date:

7.9.14

Time:

8:31 AM

Signature:

Amanda Huffines

ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!



CMR CLAIMS DEPARTMENT
P.O. BOX 60770
OKLAHOMA CITY, OK 73146-0770
1-866-887-4066

*******NOTICE OF CLAIM*******

Date: 06-25-2014

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

To: ROWLAND WATER DISTRICT
BOARD OF DIRECTORS
3201 FULLERTON ROAD
ROWLAND HEIGHTS, CA 91748

CERTIFIED MAIL# 9171 9690 0935 0036 8732 86

RE: Damage to VERIZON Property

VERIZON Claim Num: CAPR140195
Damage/Discovery Date: 03-05-2014
Damage Location: WEST OF 17405 GALE AVE & AZUSA AVE, ROWLAND HEIGHTS, CA
Damage County: LOS ANGELES
Damage Amount: \$ 7,271.96

Dear Sir/Madam:

Please be advised that VERIZON Facilities sustained damage as a result of the negligent acts or omissions by employees or agents of ROWLAND WATER DISTRICT .

Investigation has revealed that on or about 03-05-2014 employees or agents of ROWLAND WATER DISTRICT, ROWLAND WATER DISTRICT DAMAGED A 400 PAIR BURIED VERIZON CABLE WHILE REPAIRING A WATER LINE in the area of WEST OF 17405 GALE AVE & AZUSA AVE, ROWLAND HEIGHTS, CA.


This letter is the written presentment of VERIZON's claim pursuant to California Government Code 910-911 .


REQUEST FOR GOVERNMENTAL NOTICE FORM

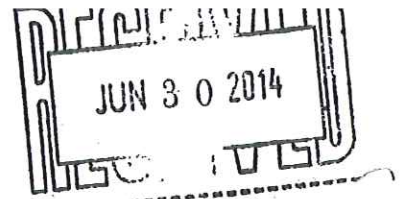
If your Governmental Entity requires the completion of its own form to complete proper notice, please forward a copy to the address listed above. Every good faith effort has been made to identify the proper office and address to perfect our notice. Please forward to your attorney, if misdirected, to contact us. Matters herein stated are alleged on information and belief this pleader believes to be true. If there is insurance to cover this matter, kindly advise as to the name of the insurance company, its address and the claim number assigned. If you have any questions, or need additional information, please contact me at 1-800-321-4158 ext 8232.

Sincerely,
Holly Finley

CMR Claims DEPT

 **JAMIE WINTERS**
Notary Public
State of Oklahoma
Commission # 09001748 Expires 03/03/17


NOTARY _____
Commission Expires 3-3-17



BILLING STATEMENT

Mail Correspondence to:
CMR Claims Department
PO Box 60553
Oklahoma City, OK 73146

Billing Date: 06/24/2014
Bill Number: CA4UP14LM0614
Bill Type: DCG
Work Order: 9WC 0432

Questions? Call: (800) 321-4158

DESCRIPTION OF DAMAGE
TYPE OF FACILITY: PLANT FACILITIES
LOCATION: BC 17405 GALE AVE & AZUSA AV
ROWLAND, CA

Damage Claim Number: CAPR140195
Date of Damage/Discovery: 03/05/2014

Charge Description	Hours	Amount
CONTRACTOR COSTS		\$ 5,695.82
ADMINISTRATIVE COST		\$ 584.14
LOSS OF USE LOCAL COPPER EXCHANGE LOOP	400 PAIRS DMGD	\$ 992.00

Total Amount Due Upon Receipt \$ 7,271.96

Please write the bill number on your check. Mail bottom stub with your payment to address below.

In the event your check for payment of your Verizon Communications bill is returned by your bank for insufficient or uncollected funds, Verizon may resubmit your check electronically to your bank for payment from your checking account.



Claim Number CAPR140195
Bill Number CA4UP14LM0614
Total Amount Due \$ 7,271.96
Please Pay Upon Receipt

SPECIAL PROJECTS BILLING

ROWLAND WATER DISTRICT

3021 S FULLERTON RD
ROWLAND HEIGHTS, CA 91748

\$ [] , [] [] [] [] [] [] [] [] [] []

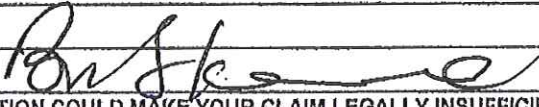
Verizon c/o CMR Claims Dept
P.O. Box 60553
Oklahoma City, OK 73146

Tab

2.5

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT: ROWLAND WATER DISTRICT	
1	Claimant name, address (mailing address if different), phone number, social security number, and date of birth. Name: SOUTHERN CALIFORNIA EDISON Phone Number: (909) 302-6428 Address(es): 2244 WALNUT GROVE AVENUE ROSEMEAD, CA 91770 Social Security Number: _____ Date of Birth: _____
2	List name, address, and phone number of any witnesses. Name: N/A Address: _____ Phone Number: () _____
3	List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted. Date: 2/25/2014 Time: _____ Place: 18880 GALE AVENUE, CITY OF INDUSTRY Tell What Happened (give complete information): IN A PASEL CONSTRUCTION COMPANY, WORKING FOR AND AT THE DIRECTION OF ROWLAND WATER DISTRICT, STRUCK AND DAMAGED EDISON'S UNDERGROUND ELECTRICAL FACILITIES. <p style="text-align: center; font-size: small;">NOTE: Attach any photographs you may have regarding this claim.</p>
4	Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim. UNDERGROUND ELECTRICAL FACILITIES WERE DAMAGED.
5	Give the name or names of the public employee or employees causing the injury, damage, or loss, if known. CONTRACTOR WORKING FOR RWD.
6	The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case. \$4,167.93
Date: 7/31/2014 Time: 4:15 pm Signature: 	
ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!	

C. Pensions & Benefits (P&B) – Represents the portion of employee retirement pensions and benefits that are associated with construction activity. This cost is allocated on the normal time labor of crew members performing the work.

2. LABOR OTHER: Represents the allocation of the cost paid by the utility for non-productive time such as vacation, holidays, sick days, and jury duty. Also known as Paid Absence. This cost is allocated on the normal time labor of crew members performing the work.

3. OVERHEADS:

A. Tool Expense – Represents the allocation of the cost of small tools and related equipment used by SCE construction crew members that do not meet the established capitalization threshold. Includes tool repairs, maintenance, and depreciation of tools and equipment in plant. This allocation simplifies the accounting for individual tool usage so that individuals do not have to keep track of tool usage. This cost is allocated on the total labor of crew members performing the work.

B. Supply Expense – Represents the allocation of the costs to purchase, store, handle, and distribute materials and supplies stored in inventory and purchased directly. This cost is to allocate the total administrative expenses to materials/supplies issued and directly purchased during the month.

C. Organization Overheads – Represents the corporate allocation of business unit costs such as supervision, administration, clerical, and related miscellaneous costs that cannot be reasonably charged directly to specific functions or service orders. The purpose of organization overheads is to distribute the business unit and related costs to the activities that are supported by those costs. This cost is allocated on the total labor of crew members performing the work.

4. OTHER: Represents costs for employee expense, mileage, short term equipment rent, as well as meals and lodging covered under the IBEW Union contract while performing construction activities.

5. ADMINISTRATIVE EXPENSE: Represents the corporate administrative and financial costs (i.e. accounting, office supplies, insurance, utilities, operation and maintenance of the utility system) that support construction activities, but are not practical to charge directly. Financial Accounting calculates a corporate third party rate annually.

6. SALVAGE: Represents the value of the material removed and credited to the job if applicable.

7. JOINT POLE CREDIT: Represents other utilities' ownership share of pole paid to Edison if applicable.


The costs reflected in our invoice are calculated in accordance with the California Public Utilities Code Section 7952 which states:

"Any person who injures or destroys, through want of proper care, any necessary or useful facility or equipment of any telegraph, telephone, electrical, or gas corporation, is liable to the corporation for all damages sustained thereby. The measure of damages to the facility or equipment injured or destroyed shall be the cost to repair or replace the property injured or destroyed including direct and allocated costs for labor, materials, supervision, supplies, tools, taxes, transportation, administrative and general expense and other indirect or overhead expenses, less credit, if any, for salvage, as determined by such telegraph, telephone, electrical or gas corporations in conformity with a system of accounts established by the commission. The specifying of the measure of damages for the facility or equipment shall not preclude the recovery of such other damages occasioned thereby as may be authorized by law".

In accordance with the information provided, we are anticipating receipt of your full payment in the amount of **\$4,167.93**, within 30 days of the date of this letter. Should payment not be received, we will have no alternative but to forward this matter to our Legal Department for further handling.

A return envelope has been provided for your convenience. If you have any questions, please telephone me. Thank you for your cooperation.

Sincerely,


Elaine Tan

Our File No. 201401718

CLAIM AGAINST A GOVERNMENTAL AGENCY

The Southern California Edison Company, a corporation, is hereby presenting its claim for damage/loss to Rowland Water District

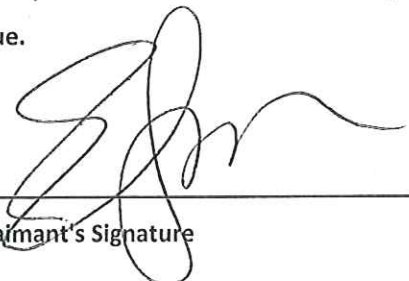
- | | |
|--|--|
| 1. Date of occurrence/discovery | February 25, 2014 |
| 2. Location of occurrence | 18880 Gale Ave., City Of Industry, CA |
| 3. Cause of damage/loss | W A Rasic Construction Company, working for and at the direction of Rowland Water District, struck and damaged Edison's underground electrical facilities. |
| 4. Amount or estimate of damage/loss | \$4,167.93 |
| 5. Name and address (if known) of public employee or agency causing damage | N/A |

All correspondence in regard to this claim should be addressed to: Southern California Edison Company (Claims Department), P.O. Box 900, Rosemead, California 91770, Attention: Elaine Tan

VERIFICATION AND CERTIFICATION

State of California, County of Los Angeles (ss.) Elaine Tan, being by me duly sworn, deposes and says: that he/she is a Claims Representative for Southern California Edison Company, a corporation, claimant; that he/she has read the foregoing

claim and knows the contents thereof; and that the same is true and correct of his/her own knowledge, except as to the matters which are therein stated upon his/her information or belief, and as to those matters that he/she believes to be true.



Claimant's Signature

CLAIM BILLING STATEMENT	
Invoice #:	7500466165
Invoice Date:	7/18/2014
Service Order #:	000901231257
Sales Order #:	0000081807
Sales Order Date:	7/15/2014
DESCRIPTION	AMOUNT
Allocations	\$ 380.19
Salvage Credit	\$ 3.74-
Overheads	\$ 647.19
Material	\$ 90.83
Labor Other	\$ 200.58
Labor Premium Time	\$ 119.66
Labor Normal Time	\$ 964.30
Contract Work	\$ 1317.90
Admin Expense	\$ 451.02
Cost to repair and or/replace facilities damaged on February 25,2014 Located at 18880 Gale Avenue, City Of Industry.	
Total Amount:	\$4,167.93

Tab

2.6

**FIRST AMENDMENT TO
AGREEMENT FOR EMPLOYMENT
OF ASSISTANT GENERAL MANAGER**

This First Amendment to Agreement for Employment of Assistant General Manager, (Amendment) is entered into effective July 1, 2014, by and between ROWLAND WATER DISTRICT (hereinafter referred to as "District"), and TOM COLEMAN (hereinafter referred to as "Assistant Manager").

RECITALS

WHEREAS, District and Assistant Manager entered into an Agreement for Employment of Assistant General Manager effective November 1, 2013 which provided for, among other things, an agreement to compensate Assistant Manager for the services provided herein at an annual base salary of One Hundred Forty-two Thousand, Seven Hundred Twenty-eight Dollars and no cents (\$142,728.00); and,

WHEREAS, the District and Assistant Manager desire to amend the terms of the Agreement for Employment to increase the Assistant Manager's base salary;

NOW THEREFORE, in consideration of the mutual covenants and promises set forth herein, the Parties agree to amend the Agreement for Employment of Assistant General Manager dated November 1, 2013, ("Agreement") as follows:

1. Section 6. of the Agreement, "Compensation", is deleted and the following is inserted in its place:

"6. **Compensation:** The District agrees to compensate Assistant Manager for the services provided herein at an annual base salary of One Hundred Forty-five Thousand, Five Hundred Eighty-four Dollars and no cents (\$145,584.00). The District shall pay the Assistant Manager in accordance with the District's procedures for payment of compensation to other employees of the District. The base annual salary shall be the minimum salary payable to the Assistant Manager and shall not be reduced during the term of this Agreement."

2. Except as provided herein, the remaining terms of the Agreement shall remain in full force and effect.

ROWLAND WATER DISTRICT

Szu Pei Lu-Yang, President

MANAGER

Ken Deck

APPROVED AS TO FORM:

Janet Morningstar, District Counsel

Tab

2.7

Rowland Water District
Schedule of Salary Ranges
Effective July 1, 2014
2014-2015

Job Description	Step A	Step E	% Change
Office:			
General Manager	\$11,895	\$14,604	
Assistant General Manager	\$9,705	\$12,132	2.00%
Assistant General Manager	\$9,705	\$12,132	2.00%
Finance Officer	\$9,553	\$11,942	2.00%
Director of Administrative Services	\$8,896	\$11,652	2.00%
Customer Serv. Supervisor	\$6,336	\$7,920	2.00%
Public Affairs Representative	\$3,900	\$4,790	2.00%
Customer Serv. Rep. I	\$3,833	\$4,670	<i>Salary Frozen for this position</i>
Customer Serv. Rep. I	\$3,611	\$4,515	2.00%
Field:			
Superintendents Distribution Superintendent Water Systems Superintendent	\$7,697	\$9,622	2.00%
Senior Water Systems Operator	\$6,448	\$8,062	2.00%
Field Operations Supervisor	\$6,352	\$7,941	2.00%
Water Resources Technician	\$5,763	\$7,335	2.00%
Maintenance Crew Leader	\$5,571	\$6,966	2.00%
Water Systems Operator II	\$5,195	\$6,492	2.00%
Maintenance II	\$4,891	\$6,114	2.00%
Water Systems Operator I (OPEN)	\$4,675	\$5,843	2.00%
Maintenance I (OPEN)	\$4,074	\$5,093	2.00%
Meter Reader I	\$3,760	\$4,702	2.00%
General Services Worker	\$3,630	\$4,538	NEW
Warehouse Maintenance (Open)	\$3,824	\$4,696	New
		7/1/2014	

Tab

2.8

To the Board of Directors
Rowland Water District
Rowland Heights, California

We are engaged to audit the financial statements of the Rowland Water District (the District) for the year ended June 30, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated November 25, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis and the Other Post-Employment Benefit Plan Schedule of Funding Progress, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the Schedule of Other Operating Expenses and Schedule of General and Administrative Expenses, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards. If a member of the Board is aware of matters that have a material bearing on the financial statements taken as a whole (such as those described above in items 1-4), please contact Robert Callanan at (714) 978-1300 or by email at rcallanan@wndecpa.com.

We expect to begin our audit on approximately July 14, 2014 and issue our report by October 31, 2014.

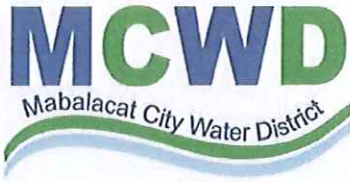
This information is intended solely for the use of the District's Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

Irvine, California
July 9, 2014

Tab

2.9



Republic of the Philippines
MABALACAT CITY WATER DISTRICT

0255 McArthur Hi-way, Mabiga, 2010 Mabalacat City, Pampanga

Tel No.: (045) 331-7404 (045) 331-7120 (045) 893-0841

Fax No. (045) 331 - 7423 (045) 626-0838

website: www.mwd.com.ph

July 30, 2014

MR. KEN DECK
General Manager
ROWLAND WATER DISTRICT
3021 Fullerton Rd,
Rowland Heights, CA 91748

Dear Mr. Deck,

It was a pleasure meeting you last June of this year prior to our trip to the American Water Works Association Annual Conference and Exhibition in Boston. We came to observed in our meeting that we have a lot of common interest in the operations but more interesting are our differences in the policies and administration matters.

We would like to sincerely invite you to visit our Water District here in the Philippines at your convenience. It would again be a good opportunity for us to exchange ideas in the operations of our system, understand your operations and see where we can provide value to each other. We understand that Nobel Systems is hosting a seminar on October 15 in Manila, and that you would be there to present a paper. I suggest that you could visit us a day later, on October 16. I will try and get my members of the Board to attend the meeting too, and if you can bring one of your Board members as well, I think we can all learn from each other and talk about the next steps to pursue.

With kind regards

Sincerely,

A handwritten signature in black ink, appearing to read 'Francis A. Dimaliwat', is written over the typed name and title.

ATTY. FRANCIS A. DIMALIWAT
General Manager



REPUBLIC OF THE PHILIPPINES
SAN PABLO CITY WATER DISTRICT

Maharlika Highway, San Gabriel, San Pablo City
Tel. Nos. 5627568 to 70 Fax (049) 5622751

30 July 2014

Mr. Ken Deck
General Manager
Rowland Water District
3021 Fullerton Rd,
Rowland Heights, CA 91748

Dear Mr. Deck:

Mr. Michael Samuel, President of Novel Systems asked me to write to you. We are one of their clients in the Southern Luzon province of the Philippines and we are implementing a GIS Project. He talked about your interest in talking to similar water districts in the Philippines to exchange ideas and look for supporting opportunities based on your vast experience in the US. I am also the Chairman of Technical Committee of the Philippine Association of Water Districts (PAWD) and Vice-President (National) of the Philippine Water Works Association, an affiliate of the American Water Works Association.

I would sincerely like to invite you to visit our Water District. The purpose would be to understand the operations of our system, understand your operations and see where we can provide value to each other. I understand that Novel Systems is hosting a seminar on October 15, and you would be there to present. I suggest that you could visit us a day later, on October 17. I will try and get the Board to attend the meeting too, and if you can bring one of your Board members as well, I think we can all learn from each other and talk about the next steps to pursue.

I look forward to hearing from you.

With kind regards.

Sincerely,


ENGR. ROGER F. BORJA
General Manager

Tab

2.10

**Rowland Water District
Communication Strategies Update
August 12, 2014**

- **Drought / State Water Resources Control Board Mandates**
 - Press release
 - Bill insert
 - Website slider

- **New Payment Options**
 - Press Release
 - Web language/slider

- **Buckboard Days**
 - Program ad
 - Press release

- **Backflow Prevention Document**
 - Revised to match District design theme

- **Strategic Plan**
 - Updates under consideration
 - Board planning session TBD/Coordinating with Dr. Mathis

- **On-going updates**
 - Website (sliders and text updated as needed)
 - On-Hold Messages (focusing on summer water use, kids activities, kiosk)

• Press Releases

Date	News Story	In Process	Completed	Distributed
6/30	CCR Available			*****
7/24	Conservation Mandates			*****
7/31	Bellflower Somerset		*****	
7/31	Buckboard Days	*****	*****	
8/1	Lobby Improvements	*****		
8/1	Grant Application	*****		
8/1	Kiosk/Payment Options	*****		
8/1	District Refinancing	*****		



Memorandum

To: Board of Directors

From: Brittnie Van De Car
Public Affairs Representative

Date: August 12, 2014

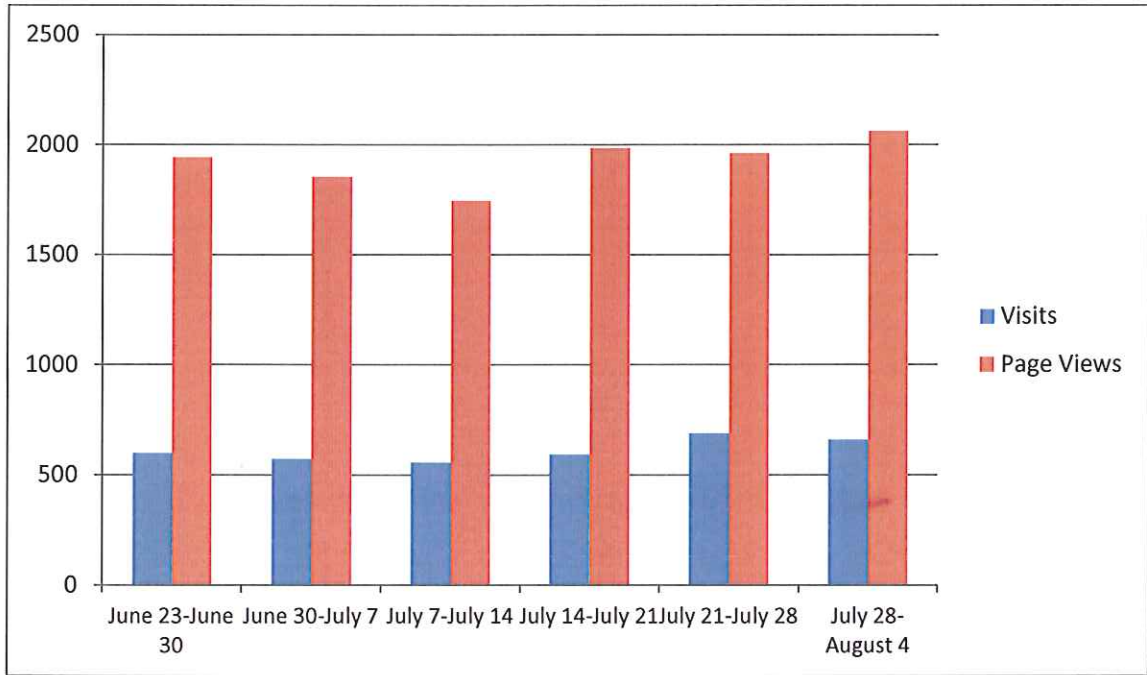
Re: Public Affairs & Education Update

- New inventory with conservation messaging purchased for community outreach events and classroom presentations
- Updating education activities for next years classroom presentations
- August E-newsletter sent out to 3,000 customers via Constant Contact
- Keeping up-to-date with the WaterSense partnership program:
 - Printing appropriate promotional material and placing it at the Customer Service Counter for distribution to customers
 - Attending bi-monthly webinars on upcoming promotional items and programs put on by the Environmental Protection Agency (EPA) WaterSense program
- Updating the Lobby Player on a daily/weekly basis
- Checking the Google Analytics weekly (see attached data charts)
 - The "Website Visits and Pageviews" allows us to determine the number of new vs. returning visitors and the source of viewing
 - The "Pageviews" allows us to evaluate which pages on the website are viewed most frequently
- Adding all new customer emails to Constant Contact to be utilized as a customer newsletter database
 - Creating content, ideas and layout for monthly/bi-monthly newsletters
- Finalizing Welcome Kit content and design
- Checking weekly on the District's FaceBook and Twitter pages.
 - Posting necessary information on the pages.
- Maintain and view District website on a daily basis
 - Update pages
 - Make relevant changes
 - Updating the Drought Monitor page weekly
 - Upload the Board packet, minutes and agendas when necessary
- Attended the WEWAC monthly meeting on Wednesday, July 23, 2014

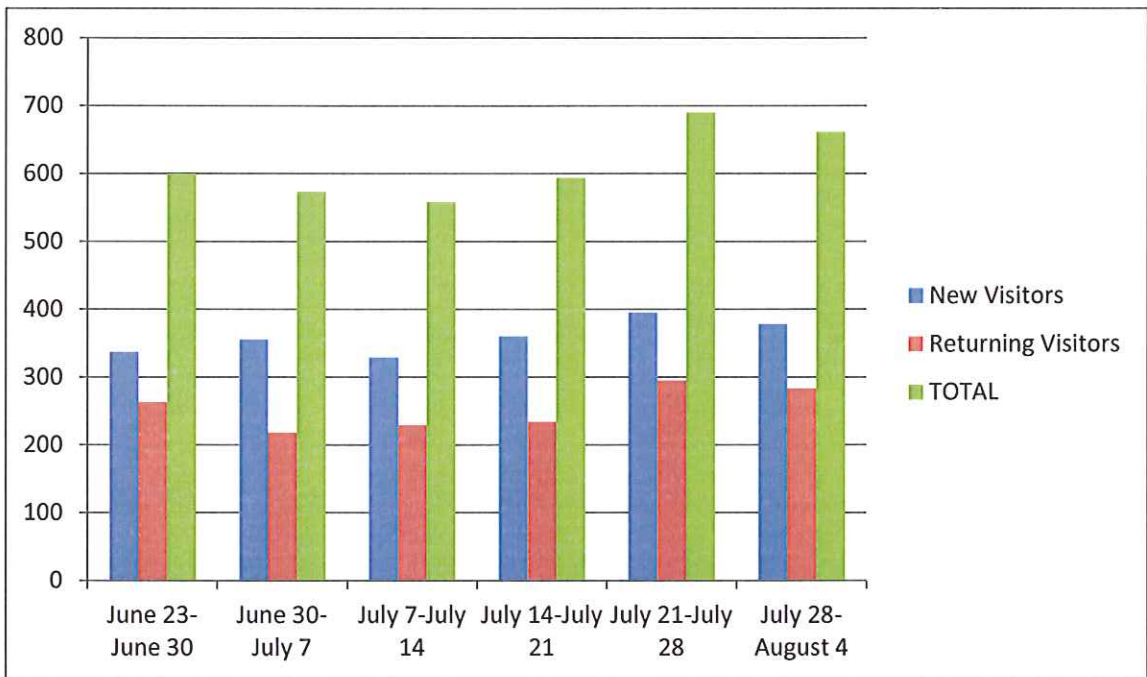
A handwritten signature in black ink, appearing to read "Brittnie L. Van De Car".

Brittnie L. Van De Car
Public Affairs Representative

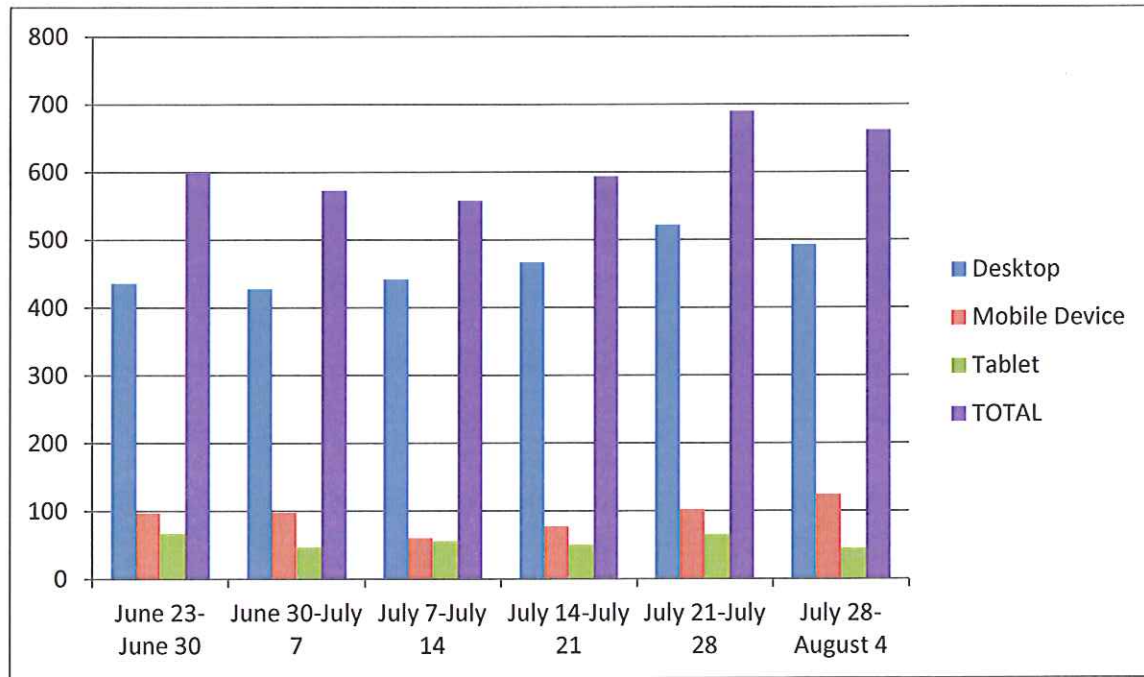
Website Visits and Pageviews



New vs. Returning Visitors



Source of Viewing



Tab

2.11

Ken Deck

From: San Gabriel Valley Water Forum Committee
<sgv_h2o_forum_committee@sgvmwd.org>
Sent: Thursday, July 24, 2014 12:39 PM
To: Ken Deck
Subject: Learn How the Drought Affects You, Your Family and Your Business!

you are invited...



Invitation and
register [HERE](#)

Morning
Master of Ceremonies



Patrick Healy
General Assignment Reporter



NBC4 Southern California

WHAT:

2014 San Gabriel Valley Water Forum
Are We Ready? Drought Survival Kit!

WHEN:

Thursday, October 2, 2014
7:15 a.m. - 8 a.m.: Sign-in, Exhibits and Continental Breakfast
8 a.m. - 1:30 p.m.: Program and Luncheon

WHERE:

Sheraton Fairplex Conference Center
601 W. McKinley Avenue, Pomona 91768

PRESENTED BY:

The Founding Partners of the San Gabriel Valley Water Forum - San Gabriel Valley Municipal Water District, San Gabriel Basin Water Quality Authority, Main San Gabriel Basin Watermaster, Three Valleys Municipal Water District and Upper San Gabriel Valley Municipal Water District.

INVITATION AND REGISTRATION:

Invitation
Registration

This educational conference will feature expert panelists discussing the following topics:

1. Long-term climate and oceanographic trends.

2. Drought impacts such as: water shortages, flooding, fires, earthquakes, job losses and increased costs for water, food, homes and businesses.
3. Drought solutions such as water conservation, recycled water, imported water, storm water capture, desalination, water rationing, water price increases, public education, flood control, fire prevention and response, earthquake response and flood control.
4. The status of state legislative and policy solutions such as a potential Water Bond on the November 2014 ballot.

CLICK HERE for the invitation, which provides links to the official San Gabriel Valley Water Forum website and our on-line registration. Tickets are just \$55 and will not be sold at the door. Your admission includes breakfast, lunch, all panel discussions and sponsor exhibits. A limited number of tickets will be available to educators and students at no cost. Please feel free to forward this invitation to your colleagues and friends.

Please don't delay. REGISTER TODAY!
For a PDF copy of the invitation, click [HERE](#).

Thank you,

Founding Partners of the 2014 San Gabriel Valley Water Forum

FOR ADDITIONAL INFORMATION
Visit our [website](#), or call 626-969-7911.

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5.1



Action Line

BOARD MEMBERS

CARLOS GOYTIA
DIVISION I

DAVID D. DE JESUS
DIVISION II

BRIAN BOWCOCK
DIVISION III

BOB G. KUHN
DIVISION IV

JOSEPH T. RUZICKA
DIVISION V

JOHN W. "FRED" LANTZ
DIVISION VI

DAN HORAN
DIVISION VII

THREE VALLEYS MWD

1021 E. Miramar Avenue

Claremont, CA 91711

Phone: 909-621-5568

Fax: 909-625-5470

www.threevalleys.com

**Board Meetings
are scheduled
the first and
third Wednesday
of each month at
8:00 a.m.**

For additional information: (909) 621-5568

*The following is a summary of the Three Valleys Municipal Water District
Regular Board Meeting of Wednesday, **July 16, 2014***

Approved: Motion No. 14-07-5005 to approve the consent calendar for July 16, 2014 including (A) approval of June 4, 2014 and June 18, 2014 regular board of directors meeting minutes; (B) June 2014 financials, including, Change in Cash and Cash Equivalents Position Report, Consolidated Listing of Investment Portfolio, YTD District Budget Monthly Status Report, and Warrant Summary (disbursements); (C) Receive, approve and file event-activity calendars for July—September 2014 as events authorized for reimbursement by the district; (D) Receive Tier 1 Balance and Peak Flow Report, June, 2014; (E) Receive Miramar Operations Report, June 2014. **Motion No. 14-07-5005 passed with a 7-0 vote.**

Approved: Motion No. 14-07-5006 to approve June 2014 directors' expense reports. **Motion No. 14-07-5006 passed with a 7-0 vote.**

Important Upcoming Dates:

Wednesday, August 6, 2014

TVMWD Regular Board of Directors Meeting, **CANCELLED**

Wednesday, August 20, 2014

TVMWD Regular Board of Directors Meeting, 8:00 a.m.
TVMWD District Office—1021 East Miramar Avenue,
Claremont, CA 91711 (subject to cancellation)

*This summary may not include all agenda items and
should not be construed as minutes of the meeting.*

TVMWD is a water resources management agency that covers approximately 133 square miles and is governed by an elected board of seven officials. The present population is about 525,000. Since its formation, the Three Valleys Municipal Water District has installed some 37,000 feet of pipeline and delivered more than 175 billion gallons of water.

AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT
1021 EAST MIRAMAR AVENUE, CLAREMONT, CALIFORNIA

Wednesday, July 16, 2014 at 8:00 A.M.

As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. Also, to prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

<i>The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.</i>		
1.	Call to Order	Kuhn
2.	Pledge of Allegiance	Kuhn
3.	Roll Call <input type="checkbox"/> Bob Kuhn, President, Division IV <input type="checkbox"/> David De Jesus, Vice President, Division II <input type="checkbox"/> Brian Bowcock, Secretary, Division III <input type="checkbox"/> Joe Ruzicka, Treasurer, Division V <input type="checkbox"/> Dan Horan, Director, Division VII <input type="checkbox"/> Carlos Goytia, Director, Division I <input type="checkbox"/> Fred Lantz, Director, Division VI	Executive Assistant
4.	Additions to Agenda [1] [2] <i>(Government Code Section 54954.2(b)(2)</i> <i>Upon a determination by a two-thirds vote of the members of the board present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action, and that the need for action came to the attention of the district subsequent to the agenda being posted. The board shall call for public comment prior to voting to add an item to the agenda after posting.</i>	Kuhn

5.	Reorder Agenda [2]	Kuhn	
6.	Public Comment [2] <i>(Government Code Section 54954.3)</i> Opportunity for members of the public to directly address the board on items of public interest that is within the subject matter jurisdiction of the district. The general public may also address the board on items being considered on this agenda. The district requests that all public speakers complete a speaker's card and provide it to the executive assistant. <i>We request that remarks be limited to five minutes or less.</i>	Kuhn	
<i>Discussion and Action Items: The board of directors and staff will discuss the following items, and the board may consider taking action—</i> <i>(All Items Listed Under The Consent Calendar Are Considered Routine And Will Be Enacted By A Single Motion Unless Separate Discussion Is Requested.)</i>			
7.	Consent Calendar [1] [2] The board is being asked to consider the Consent Calendar items A-E as listed below. Consent Calendar items are typically routine in nature and may be considered and approved by a single motion. Any member of the board may request that a specific item be pulled from the Consent Calendar for further discussion.	Motion # 14-07-5005 Moved _____ Second _____	Kuhn
	A. Receive, Approve and File Minutes – June 2014 Minutes [enc] [1] <ul style="list-style-type: none"> • June 4, 2014 Board of Directors Meeting • June 18, 2014 Board of Directors Meeting <i>Staff recommendation: Receive, approve and file as submitted.</i>	Tab 1	
	B. Receive, Approve and File Financial Reports –June 2014 [enc] [1] [2] <ul style="list-style-type: none"> • Change In Cash and Cash Equivalents Position Report • Consolidated Listing of Investment Portfolio • YTD District Budget Monthly Status Report • Warrant Summary (Disbursements) <i>Staff recommendation: Receive, approve and file as submitted.</i>	Tab 2	
	C. Event-Activity Calendar [enc] [2] Includes a three month calendar of upcoming events and activities of interest to the directors of Three Valleys MWD. <i>Information Item</i>	Tab 3	

	<p>D. Calendar Year Imported Water Purchases – Tier 1 and Peak Flow Reports [enc] [2]</p> <p>Includes imported Tier 1 water sales and peak flow data for the month ending June 30, 2014.</p> <p><i>Information only</i></p>		Tab 4
	<p>E. Miramar Operations Report – June 2014 [enc] [2]</p> <p>Includes a summary of the following reports for the Miramar Operations Plant: water quality, monthly production, monthly and year-to-date sales, hydro-generation production and operations/maintenance review.</p> <p><i>Information only</i></p>		Tab 5
8.	General Manager’s Report [1] [2]		Hansen
	<p>A. Approve Directors’ Monthly Payment Request Forms – June 2014 [enc] [1]</p> <p>Includes expense reports disclosing per diem requests for meeting attendance, and an itemization of expenses incurred by the district.</p>	<p>Motion # 14-07-5006</p> <p>Moved _____</p> <p>Second _____</p>	Tab 6
9.	Future Agenda Items [2]		Kuhn
10.	<p>Adjournment</p> <p><i>A quorum of the Board may attend an open and publicized Summer Water Workshop to be held immediately following adjournment of this meeting that has been organized by District staff and will involve a discussion of issues of general interest to the public or to public agencies of the type represented by the Board. Pursuant to Government Code Section 54952.2(c)(2), any such assemblage of the Board will not be a meeting subject to the requirements of the Brown Act since a majority of the members of the Board will not discuss among themselves, other than as part of the scheduled program, any business of a specified nature that is within the subject matter jurisdiction of the District. Nevertheless, members of the public are invited to attend the workshop.</i></p> <p><i>The next regular Board meeting is scheduled for Wednesday, August 20, 2014</i></p>		Kuhn

American Disabilities Act Compliance Statement

Government Code Section 54954.2(a)

Any request for disability-related modifications or accommodations (including auxiliary aids or services) that is sought in order to participate in the above agenda public meeting should be directed to the District's Executive Assistant at (909) 621-5568 at least 24 hours prior to meeting.

Agenda items received after posting

Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District Office located at, 1021 East Miramar Avenue, Claremont, CA. The materials will also be posted on the District's website at www.threevalleys.com.

The Three Valleys MWD Board meeting packets and agendas are available for review on the District's website at www.threevalleys.com. The website is updated on Sunday preceding any regularly scheduled board meeting.