

INSURED 2019 BONDS RATING: S&P: “AA”

UNINSURED 2019 BONDS AND UNDERLYING RATING: S&P: “A+”

(See “CONCLUDING INFORMATION - Ratings on the 2019 Bonds” herein)

In the opinion of Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” herein.

\$12,265,000
CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)
2019 SPECIAL TAX BONDS

Dated: Date of Delivery

Due: September 1 as Shown on the Inside Front Cover.

The Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2019 Special Tax Bonds (the “2019 Bonds”) are being issued by the Casitas Municipal Water District (the “District”) for and on behalf of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the “CFD”) to: (1) fund improvements to the water facilities serving property within the CFD, (2) purchase a municipal bond debt service reserve insurance policy for the 2019 Bonds, and (3) pay costs of issuing the 2019 Bonds, including the premium for a municipal bond insurance policy.

The 2019 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California), and pursuant to a Fiscal Agent Agreement, dated as of May 1, 2017 as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of November 1, 2019 (as amended and supplemented, the “Fiscal Agent Agreement”), by and between the District, on behalf of the CFD, and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”). The 2019 Bonds are special limited obligations of the CFD and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on certain taxable land within the CFD (less certain administrative expenses) and from certain other funds pledged under the Fiscal Agent Agreement, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Directors of the District and the qualified electors within the CFD. See “SOURCES AND PAYMENT FOR THE 2019 BONDS - Special Taxes.”

Interest on the 2019 Bonds is payable semiannually on March 1 and September 1 each year, commencing March 1, 2020, until maturity. The 2019 Bonds are subject to optional and mandatory redemption as described herein. See “THE 2019 BONDS - Redemption” herein.

Neither the faith and credit nor the taxing power of the District, the County of Ventura, the State of California or any political subdivision of the State of California (except the CFD to the limited extent set forth in the Fiscal Agent Agreement) is pledged to the payment of the 2019 Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the 2019 Bonds. The 2019 Bonds are special limited obligations of the District for the CFD that are payable solely from Special Taxes and certain amounts that are held under the Fiscal Agent Agreement, as more fully described in this Official Statement.

The scheduled payment of principal of and interest on the 2019 Bonds maturing on September 1 of the years 2026 through 2047, inclusive, with CUSIP numbers 14762PBF9 through 14762PBX0 (collectively, the “Insured 2019 Bonds”), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured 2019 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. See “MUNICIPAL BOND INSURANCE” and “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”



CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2019 BONDS WHEN DUE. AS A RESULT, THE PURCHASE OF THE 2019 BONDS INVOLVES SIGNIFICANT RISKS AND THE 2019 BONDS ARE NOT SUITABLE INVESTMENTS FOR ALL INVESTORS. SEE “RISK FACTORS” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH IN THIS OFFICIAL STATEMENT, IN EVALUATING THE INVESTMENT QUALITY OF THE 2019 BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information that is essential to an informed investment decision.

MATURITY SCHEDULE

(see inside cover)

The 2019 Bonds are offered when, as and if issued subject to the approval as to their legality by Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel and certain other conditions. Certain legal matters will be passed on for the District and the CFD by Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP, Oxnard, California, in its capacity of General Counsel to the District, for the District by Quint & Thimmig LLP, Larkspur, California, in its capacity as Disclosure Counsel to the District for the 2019 Bonds, and for the Underwriter by its counsel, Jones Hall, a Professional Law Corporation, San Francisco, California. It is anticipated that the 2019 Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company, New York, New York (“DTC”) on or about November 5, 2019.

The date of this Official Statement is October 16, 2019.

\$12,265,000
CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)
2019 SPECIAL TAX BONDS

MATURITY SCHEDULE

\$6,010,000 Serial Bonds

(Base CUSIP®† 14762P)

Maturity Date	Principal	Interest	Reoffering	Reoffering	
<u>September 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP®†</u>
2020	\$180,000	3.00%	1.12%	101.533	AZ6
2021	110,000	3.00	1.13	103.362	BA0
2022	125,000	3.00	1.17	105.064	BB8
2023	140,000	3.00	1.20	106.703	BC6
2024	160,000	3.00	1.25	108.163	BD4
2025	175,000	3.00	1.32	109.384	BE2
2026*	195,000	4.00	1.37	117.072	BF9
2027*	215,000	4.00	1.46	118.709	BG7
2028*	235,000	5.00	1.54	128.437	BH5
2029*	260,000	5.00	1.63	130.470	BJ1
2030*	290,000	5.00	1.69	129.838 C	BK8
2031*	315,000	3.00	2.00	108.875 C	BL6
2032*	340,000	4.00	2.02	117.557 C	BM4
2033*	370,000	4.00	2.08	116.975 C	BN2
2034*	400,000	4.00	2.17	116.107 C	BP7
2035*	430,000	4.00	2.23	115.533 C	BQ5
2036*	465,000	4.00	2.29	114.962 C	BR3
2037*	500,000	4.00	2.35	114.394 C	BS1
2038*	535,000	4.00	2.41	113.830 C	BT9
2039*	570,000	4.00	2.47	113.268 C	BU6

\$3,510,000 4.00% Term Bonds maturing September 1, 2044*, Yield 2.61%, Price 109.774 CC CUSIP®† BV4

\$1,745,000 4.00% Term Bonds maturing September 1, 2047*, Yield 2.66%, Price 111.512 C CUSIP®† BW2

\$1,000,000 5.00% Term Bonds maturing September 1, 2047*, Yield 2.29%, Price 123.712 C CUSIP®† BX0

* Insured Bonds.

C Priced to the first optional call date of September 1, 2029 at par.

CC Priced to the first optional call date of September 1, 2027 at par.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the owners of the 2019 Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the 2019 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019 Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from sources that are believed to be reliable. No representation, warranty or guarantee, however, is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the Appendices, and nothing contained in this Official Statement should be relied upon as a promise or representation by the Underwriter.

Neither the District nor the Underwriter has authorized any dealer, broker, salesperson or other person to give any information or make any representations with respect to the offer or sale of 2019 Bonds other than as contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the District or the Underwriter. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2019 Bonds shall under any circumstances create any implication that there has been no change in the affairs of any party described in this Official Statement, or in the status of any property described in this Official Statement, subsequent to the date as of which such information is presented.

This Official Statement and the information contained in this Official Statement are subject to amendment without notice. The 2019 Bonds may not be sold, and no offer to buy the 2019 Bonds may be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the 2019 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All summaries of the documents referred to in this Official Statement are qualified by the provisions of the respective documents summarized and do not purport to be complete statements of any or all of such provisions.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or the completeness of such information.”

In connection with the offering of the 2019 Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the 2019 Bonds at levels 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 2019 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

The 2019 Bonds have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon an exemption from the registration requirements contained in the Securities Act. The 2019 Bonds have not been registered or qualified under the securities laws of any state.

The District maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the 2019 Bonds or the advisability of investing in the 2019 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “MUNICIPAL BOND INSURANCE” and “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

**CASITAS MUNICIPAL WATER DISTRICT
VENTURA COUNTY, CALIFORNIA**

BOARD OF DIRECTORS

Brian Brennan, *Division 1*
Jim Word, *Division 2*
Pete Kaiser, *Division 3*
Angelo Spandrio, *Division 4*
Russ Baggerly, *Division 5*

DISTRICT STAFF

Michael Flood, *General Manager*
Denise Collin, *Chief Financial Officer*
Julia Aranda, *Principal Civil Engineer*
Rebekah Vieira, *Clerk of the Board*

PROFESSIONAL SERVICES

Bond Counsel

Rutan & Tucker, LLP
Costa Mesa, California

Disclosure Counsel

Quint & Thimmig LLP
Larkspur, California

District General Counsel

Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP
Oxnard, California

Municipal Advisor

Harrell & Company Advisors, LLC
Orange, California

Special Tax Consultant

DTA
Newport Beach, California

Fiscal Agent

U.S. Bank National Association
Los Angeles, California

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OFFICIAL STATEMENT

\$12,265,000

CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI) 2019 SPECIAL TAX BONDS

This Official Statement which includes the cover page and appendices (the “Official Statement”) is provided to furnish certain information concerning the sale of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2019 Special Tax Bonds (the “2019 Bonds”), in the aggregate principal amount of \$12,265,000.

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. This Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the 2019 Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see “RISK FACTORS” herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the 2019 Bonds, see “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT” herein.

The District

The District was formed in 1952 and provides domestic and agricultural water to the western portion of Ventura County. See “APPENDIX D - ECONOMIC PROFILE FOR THE COUNTY OF VENTURA.” The District’s service area includes approximately 137.5 square miles. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The CFD

The CFD was formed on March 13, 2013 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the “Act”). The Act was enacted by the State of California (the “State”) legislature to provide an alternative method of financing certain public capital facilities and services. Any local agency (as such term is defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness. The Board of Directors of the District (the “Board” or the “Board of Directors”) acts as the legislative body of the CFD.

Pursuant to the Act, the Board adopted the necessary resolutions stating its intent to establish the CFD, to authorize the levy of special taxes on taxable property within the boundaries of the CFD and to incur a bonded indebtedness for the CFD. Following a noticed public hearing that was conducted pursuant to the provisions of the Act, the Board adopted resolutions to establish the CFD and call a special election to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified electors of the CFD. On August 27, 2013, at an election that was held pursuant to the Act, the registered voters residing within the CFD, who comprised the qualified electors with the respect to the CFD, by more than a two-thirds vote, authorized the CFD to incur bonded indebtedness in the aggregate principal amount not to exceed \$60,000,000 to be secured by the levy of special taxes on taxable property within the CFD. On that same date, the registered voters residing within the CFD approved the rate and method of apportionment of the special taxes for the CFD to pay the principal of and interest on bonds issued by the District for the CFD. The Rate and Method of Apportionment for Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the "Rate and Method") is set forth in "APPENDIX C" hereto and provides how the Special Taxes are to be levied.

The CFD encompasses approximately 2,150 gross acres of land in the City of Ojai and surrounding unincorporated Ventura County. The property in the CFD is currently developed with 2,865 residential dwelling units and approximately 1.17 million square feet of retail/commercial uses and 402,000 square feet of industrial uses. There are approximately 172 acres of vacant land in the CFD. See "THE CFD - General" herein.

Parity Bonds

On May 31, 2017, the District, on behalf of the CFD, issued the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series A (the "2017 Series A Bonds") and 2017 Special Tax Bonds, Series B (the "2017 Series B Bonds") in the original aggregate principal amount of \$39,910,000, of which \$39,475,000 principal amount of the 2017 Series B Bonds is currently outstanding. No 2017 Series A Bonds are outstanding. The 2019 Bonds are payable from Special Tax Revenues (as defined below) on a parity with the 2017 Series B Bonds. The 2017 Series B Bonds are also referred to herein as the "2017 Bonds." See the caption "THE 2019 BONDS - Issuance of Parity Bonds" for a discussion of the conditions under which the District, on behalf of the CFD, may issue additional bonds that are payable on a parity with the 2017 Bonds and the 2019 Bonds. The 2019 Bonds together with the 2017 Bonds and any future Parity Bonds are referred to herein as the "Bonds."

Security and Sources of Repayment for the 2019 Bonds

The 2019 Bonds will be issued under the Fiscal Agent Agreement dated as of May 1, 2017, as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement, dated as of November 1, 2019 (as amended and supplemented, the "Fiscal Agent Agreement"), by and between the District, on behalf of the CFD, and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") and pursuant to the Act.

Under the Fiscal Agent Agreement, the District has pledged to repay the Bonds from Special Tax Revenues and certain funds pledged therefor pursuant to the Fiscal Agent Agreement.

"Special Tax Revenues" is defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes (as defined below) received by the District, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but does not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds. The Maximum Special Taxes that may be levied on parcels in the CFD pursuant to the Rate and Method increase by two percent (2%) annually. See "APPENDIX C - RATE AND METHOD OF

APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)" and "APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT."

"Special Taxes" is defined in the Fiscal Agent Agreement and as used in this Official Statement means the special taxes levied by the Board on parcels of Developed Property within the CFD (that is, taxable property for which a building permit has been issued on or before May 1 of the preceding Fiscal Year) pursuant to the Act, the Ordinance providing for the levy of Special Taxes (the "Ordinance") and the Fiscal Agent Agreement. See "SOURCES OF PAYMENT FOR THE 2019 BONDS - Special Taxes." Under the Fiscal Agent Agreement, the District has agreed to levy the Special Tax, and to repay the Bonds from the Special Tax Revenues (except for the "Minimum Administrative Expense Requirement" as defined below) and from certain amounts on deposit in the Special Tax Fund, the Bond Fund, the 2017 Reserve Fund and the 2019 Reserve Fund (as applicable) established under the Fiscal Agent Agreement. See "APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT." The 2019 Reserve Policy (as defined herein) will be deposited in the 2019 Reserve Fund to satisfy the Reserve Requirement for the 2019 Bonds. The 2019 Reserve Policy will be used for payment of the principal of and interest on the 2019 Bonds in the event that moneys in the Bond Fund are insufficient therefor. See "SOURCES OF PAYMENT FOR THE 2019 BONDS - 2019 Reserve Fund." Amounts in the 2017 Reserve Fund and the 2017 Reserve Policy are not pledged as security for the 2019 Bonds.

"Minimum Administrative Expense Requirement" means \$50,000 for Fiscal Year 2017-18, escalating by 2% each Fiscal Year thereafter. Annually, Special Taxes in such amount are required to be deposited in the Administrative Expense Fund.

The District has covenanted to cause foreclosure proceedings to be commenced and prosecuted against Developed Property within the CFD with delinquent installments of Special Taxes under certain circumstances. For a more detailed description of the foreclosure covenant see "SOURCES OF PAYMENT FOR THE 2019 BONDS - Proceeds of Foreclosure Sales."

THE 2019 BONDS ARE PAYABLE SOLELY FROM THE PROCEEDS OF THE SPECIAL TAX TO BE LEVIED ANNUALLY ON THE DEVELOPED PROPERTY WITHIN THE CFD AND AMOUNTS IN CERTAIN FUNDS ESTABLISHED UNDER THE FISCAL AGENT AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN OF THE CFD, TO THE LIMITED EXTENT SET FORTH IN THE FISCAL AGENT AGREEMENT) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2019 BONDS. THE 2019 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OR REVENUES OF THE DISTRICT, AND THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE 2019 BONDS IS NOT A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE DISTRICT OR THE CFD.

Purpose

Proceeds from the 2019 Bonds will be used to (1) fund improvements to the water facilities serving property within the CFD, (2) purchase a municipal bond debt service reserve policy (the "2019 Reserve Policy"), and (3) pay costs of issuing the 2019 Bonds, including the premium for a municipal bond insurance policy (the "2019 Insurance Policy") for the Insured 2019 Bonds. See "THE FINANCING PLAN - Estimated Sources and Uses of Funds" herein.

Property Values

There is no assurance that the property within the CFD can be sold for the assessed values that are described in this Official Statement or for a price that is sufficient to pay the delinquent Special Taxes in the event of a default in payment of Special Taxes by current or future owners of the Developed Property in the CFD.

See “RISK FACTORS - Land Values.” Other taxes and/or special assessments with liens that are equal in priority to the continuing lien of the Special Taxes may also be levied on the property within the CFD. See “RISK FACTORS - Parity Taxes and Special Assessments.”

Information Concerning this Official Statement

This Official Statement speaks only as of its date, and the information in this Official Statement is subject to change. Brief descriptions of the 2019 Bonds and the Fiscal Agent Agreement are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Fiscal Agent Agreement, the 2019 Bonds and the Constitution and laws of the State, as well as the proceedings of the Board, acting as the legislative body of the CFD, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the 2019 Bonds, by reference to the Fiscal Agent Agreement. Capitalized terms used in this Official Statement that are not defined herein have the meanings given to them in the Fiscal Agent Agreement.

Copies of the Fiscal Agent Agreement and other documents and information referred to in this Official Statement are available for inspection at the offices of and, upon request and payment to the District of a charge for copying, mailing and handling, for delivery from, the Casitas Municipal Water District, 1055 Ventura Avenue, Oak View, California 93022.

THE FINANCING PLAN

Overview

The CFD was formed in 2013 for the purpose of financing the acquisition of, and subsequent improvements to, the water system then-owned and operated by Golden State Water Company serving property within the CFD (the “Ojai Water System”), and, upon acquisition, to transfer ownership and operation of the Ojai Water System to the District. The District acquired the Ojai Water System in 2017 as described below.

The District’s acquisition of the Ojai Water System was pursuant to eminent domain proceedings (Casitas Municipal Water District v. Golden State Water Company, Ventura County Superior Court Case No. 56-2016-00481628-CU-EI-VTA, and referred to herein as the “Eminent Domain Action”). On April 12, 2017, the District, the CFD, Golden State Water Company, and certain private intervenors entered into a Settlement Agreement (“Settlement Agreement”) to resolve all of the parties’ respective claims and defenses arising out of the Eminent Domain Action. Pursuant to the Settlement Agreement, all claims of all parties in the Eminent Domain Action other than the District’s cause of action for eminent domain were voluntarily dismissed with prejudice and the District’s eminent domain claim was resolved by a stipulation for entry of judgment and final judgment that was entered on April 19, 2017. Pursuant to the standard procedures applicable under the California’s eminent domain law, the judgment provided for the District to pay to Golden State Water Company a stipulated sum of \$34,481,628 (the “Judgment Amount”) as just compensation for the taking of its Ojai Water System, subject to certain post-closing adjustments. The Judgment Amount was paid from a portion of the proceeds of the 2017 Bonds on June 7, 2017. As soon as the Judgment Amount was paid, the judgment provided for the court to then enter a “Final Order of Condemnation” in order to effectuate the transfer of ownership and control of Golden State’s Ojai Water System to the District.

In addition to paying the cost of acquisition of the Ojai Water System, the CFD is authorized to pay costs incurred to plan, design, engineer, finance, supervise, construct and install, inspect, and obtain necessary permits for the purchase, construction, improvement, or rehabilitation of any real or other tangible property or facilities with an estimated useful life of five years or longer which property or facilities the CFD determines are necessary or appropriate to provide water utility services in the area served by the Ojai Water System (the “Ojai Service Area”) and which property or facilities the CFD determines either (i) are of primary benefit to the property owners, residents, businesses, and other persons and entities within the Ojai Service Area or (ii) if the Board of Directors determines that said property or facilities benefit the property

owners, residents, businesses, and other persons and entities within the Ojai Service Area but are not of primary benefit to such persons or entities, the portion of the CFD's costs for said property and facilities that the Board of Directors reasonably determines does not exceed such persons' or entities' fair share contribution therefor.

In addition to the payment of the Judgment Amount, proceeds of the 2017 Bonds financed approximately \$8.1 million of improvements to the Ojai Water System that were expected to be required in the first 3 years of operations (the "2017 Improvements"). The 2017 Improvements included system evaluation, a new pipeline, minor water main replacements, replacement of manual read meters and service lines, emergency power installations, well refurbishment, and replacements or additions to equipment at the treatment facility.

As a result of the system evaluation conducted after acquisition of the Ojai Water System, the District determined that additional repair and replacements to the Ojai Water System are warranted. These improvements include system optimization studies, system hydraulic improvements, a new pipeline, several miles of water main replacements, service line replacements, refurbishment of existing groundwater wells, one new groundwater well, and water reservoir improvements (the "2019 Improvements"). The 2019 Improvements will be financed with the proceeds of the 2019 Bonds. The continued operations of the Ojai Water System is not, however, dependent on such completion.

Estimated Sources and Uses of Funds

The Fiscal Agent will receive the proceeds from the sale of the 2019 Bonds and will apply them as follows:

Sources of Funds

Principal Amount of Bonds	\$12,265,000.00
Plus Net Original Issue Premium	<u>1,711,659.15</u>
Total	<u>\$13,976,659.15</u>

Uses of Funds ⁽¹⁾

Costs of Issuance Fund ⁽²⁾	\$ 323,870.40
Underwriter's Discount	82,788.75
Improvement Fund ⁽³⁾	<u>13,570,000.00</u>
Total	<u>\$13,976,659.15</u>

⁽¹⁾ The Fiscal Agent will deposit the 2019 Reserve Policy in the 2019 Reserve Fund. See "SOURCES OF PAYMENT FOR THE BONDS - 2019 Reserve Fund."

⁽²⁾ To be used to pay costs of issuance of the 2019 Bonds, including Bond Counsel fees, Disclosure Counsel fees, initial Fiscal Agent fees, Municipal Advisor's fees, special tax consultant fees, rating fees, 2019 Insurance Policy and 2019 Reserve Policy premiums, Official Statement printing and other costs of issuance.

⁽³⁾ To be used to pay costs of the 2019 Improvements. See "THE FINANCING PLAN - Overview" above.

THE 2019 BONDS

Authority for Issuance

The 2019 Bonds are authorized to be issued by the District for the CFD under and subject to the terms of the resolution authorizing the issuance of the 2019 Bonds, as described below, the Fiscal Agent Agreement, the Act and other applicable laws of the State.

Resolution of Intention. On January 29, 2013, the Board of Directors of the District adopted a resolution stating its intention to establish the CFD and to authorize the levy of a special tax, and a resolution declaring its intention to incur bonded indebtedness for the CFD in an amount not to exceed \$60,000,000.

Resolutions of Formation. Immediately following a noticed public hearing on March 13, 2013, the Board of Directors of the District adopted a resolution that established the District and authorized the levy of a special tax within the CFD and a resolution declaring the necessity to incur bonded indebtedness within the CFD.

Resolution Calling Election. The resolutions that were adopted by the Board of Directors of the District on March 13, 2013 also called for an election by the registered voters residing in the CFD on August 27, 2013 on the questions of the levy of the Special Tax, the incurring of bonded indebtedness in the CFD, and the establishment of an appropriations limit for the CFD.

Registered Voter Election and Declaration of Results. On August 27, 2013, an election was held at which the registered voters residing in the CFD (the “Registered Voters”), as the qualified electors of the CFD, approved ballot propositions authorizing the issuance of up to \$60,000,000 of bonds for the CFD, the levy of the Special Tax within the CFD and the establishment of an appropriations limit for the CFD. On November 13, 2013, the Board of Directors adopted a resolution approving the canvass of the votes and declaring the CFD to be fully formed with the authority to levy the Special Taxes, to incur the bonded indebtedness and to have the established appropriations limit.

Special Tax Lien and Levy. A Notice of Special Tax Lien for the CFD was recorded in the real property records of the County of Ventura (the “County”) on December 3, 2013, imposing a continuing lien against the property in the CFD subject to the levy of the Special Taxes.

Resolution Authorizing Issuance of the 2017 Bonds. On April 26, 2017, the Board of Directors adopted a resolution authorizing the issuance of the 2017 Series A Bonds and the 2017 Series B Bonds in a principal amount not to exceed \$45,000,000. On May 31, 2017, the District issued, for the CFD, the 2017 Bonds in the initial principal amount of \$39,910,000

Resolution Authorizing Issuance of the 2019 Bonds. On September 25, 2019, the Board of Directors adopted a resolution authorizing the issuance of the 2019 Bonds in a principal amount not to exceed \$15,000,000.

General Provisions

Repayment of the 2019 Bonds. The 2019 Bonds will be issued and delivered as fully registered 2019 Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be dated the date of delivery (the “Closing Date”). The 2019 Bonds will be issued in book-entry only form and DTC will act as securities depository for the 2019 Bonds. So long as the 2019 Bonds are held in book-entry only form, the principal of, premium, if any, and interest on the 2019 Bonds will be paid directly to DTC for distribution to the Beneficial Owners of the 2019 Bonds in accordance with the procedures of DTC. See “APPENDIX F - THE BOOK ENTRY SYSTEM.” The 2019 Bonds will mature on September 1 in the years and principal amounts, and bear rates of interest, as shown on the inside front cover page of this Official Statement.

Interest on the 2019 Bonds is payable on March 1 and September 1 (the “Interest Payment Dates”) in each year, beginning March 1, 2020. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the fifteenth day of the month next preceding the month of the applicable Interest Payment Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2020, in which event it shall bear interest from the Closing Date; *provided, however,* that if, as of the date of authentication of any 2019 Bond, interest thereon is in default, such 2019 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Transfer or Exchange of 2019 Bonds. *So long as the 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2019 Bonds shall be made in accordance with DTC procedures.* See “APPENDIX F - THE BOOK ENTRY SYSTEM.” If the book-entry only system for the 2019 Bonds is ever discontinued, any 2019 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. Whenever any 2019 Bond or 2019 Bonds shall be surrendered for transfer or exchange, the District shall execute and the Fiscal Agent shall authenticate and deliver a new 2019 Bond or 2019 Bonds, for a like aggregate principal amount of 2019 Bonds of authorized denominations and of the same maturity. The Fiscal Agent shall collect from the 2019 Bond Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2019 Bonds shall be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2019 Bonds for redemption or (ii) with respect to a 2019 Bond after such 2019 Bond has been selected for redemption.

Redemption

Optional Redemption. Except with respect to the 2044 Term Bond (as defined below), the 2019 Bonds maturing on or after September 1, 2030 are subject to optional redemption prior to their stated maturities from any source of available funds, on any date on or after September 1, 2029 in whole or in part, at a redemption price equal to the principal amount of the 2019 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of 2044 Term Bond. The 2019 Bonds maturing September 1, 2044 (the “2044 Term Bond”) are subject to optional redemption prior to its stated maturities from any source of available funds, on any date on or after September 1, 2027 in whole or in part, at a redemption price equal to the principal amount of the 2044 Term Bond to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption of Bonds. The 2044 Term Bond and the 2019 Bonds maturing on September 1, 2047 are subject to mandatory sinking payment redemption in part, commencing on September 1, 2040, and on each September 1 thereafter to maturity, by lot, 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, from sinking payments as follows:

**SINKING PAYMENT SCHEDULE FOR
2044 TERM BOND MATURING SEPTEMBER 1, 2044**

Redemption Date	Principal Amount
<u>September 1</u>	<u>Principal Amount</u>
2040	\$615,000
2041	660,000
2042	695,000
2043	745,000
2044 (maturity)	795,000

**SINKING PAYMENT SCHEDULE FOR
4.00% TERM BONDS MATURING SEPTEMBER 1, 2047**

Redemption Date	Principal Amount
<u>September 1</u>	<u>Principal Amount</u>
2045	\$535,000
2046	570,000
2047 (maturity)	640,000

**SINKING PAYMENT SCHEDULE FOR
5.00% TERM BONDS MATURING SEPTEMBER 1, 2047**

Redemption Date	Principal Amount
<u>September 1</u>	<u>Principal Amount</u>
2045	\$310,000
2046	330,000
2047 (maturity)	360,000

The amounts in the foregoing tables shall be reduced as a result of any prior partial redemption of the 2019 Bonds, allocated among sinking payments as specified in writing by the General Manager to the Fiscal Agent.

Redemption From Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers, if any, from the 2019 Reserve Fund pursuant to the Fiscal Agent Agreement shall be used to redeem 2019 Bonds on the next Interest Payment Date for which notice of redemption can timely be given, pro rata with any 2017 Bonds and any future Parity Bonds, and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any Interest Payment Date from March 1, 2020 to and including March 1, 2027	103%
September 1, 2027 and March 1, 2028	102%
September 1, 2028 and March 1, 2029	101%
September 1, 2029 and any Interest Payment Date thereafter	100%

Since the 2017 Bonds were issued, one property owner has prepaid their Special Tax obligation. No assurance can be given with respect to the likelihood (or not) of future Special Tax Prepayments. See "RISK FACTORS - Potential Early Redemption of Bonds from Prepayments."

Notice of Redemption. The Fiscal Agent shall cause notice of any redemption to be sent by first class mail, postage prepaid, or sent by such other means as is acceptable to the recipient thereof, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to the Information Services (or by such other means as permitted by such services), and to the respective Owners of any 2019 Bonds designated for redemption, at their addresses appearing in the Registration Books; but such sending of the notice of redemption shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such 2019 Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2019 Bonds are to be called for redemption, shall designate the CUSIP numbers and 2019 Bond numbers of the 2019 Bonds to be redeemed by giving the individual CUSIP number and Bond number of each 2019 Bond to be redeemed or shall state that all 2019 Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2019 Bonds of one or more maturities have been called for redemption, shall state as to any 2019 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2019 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2019 Bonds will not accrue from and after the redemption date.

Rescission of Redemption. In the case of any redemption of the 2019 Bonds under the optional redemption or redemption from Special Tax Prepayment above, the notice of redemption may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2019 Bonds on the anticipated redemption date, and that the redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2019 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2019 Bonds to be redeemed, the Fiscal Agent shall send written notice to the owners of the 2019 Bonds, to the Securities Depositories and to the Information Services to the effect that the redemption did not occur as anticipated, and the 2019 Bonds for which notice of redemption was given shall remain Outstanding.

Selection of Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2019 Bonds (other than a sinking payment redemption), the Fiscal Agent shall select the 2019 Bonds to be redeemed, from all 2019 Bonds not previously called for redemption among maturities as directed in writing by the General Manager, and within a maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all 2019 Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

Upon surrender of 2019 Bonds redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the District, a new 2019 Bond or 2019 Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2019 Bond or 2019 Bonds.

Purchase of Bonds in Lieu of Redemption. In lieu of redemption of 2019 Bonds, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2019 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2019 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2019 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2019 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2019 Bonds so called shall cease to be entitled to any benefit under the

Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Scheduled Debt Service

The following is the scheduled Debt Service on the 2019 Bonds (including sinking fund redemptions), assuming that there are no optional redemptions or mandatory redemptions from Special Tax Prepayments. See the caption “- Redemption.”

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
March 1, 2020		\$ 159,951.11	\$ 159,951.11	
September 1, 2020	\$ 180,000.00	248,200.00	428,200.00	\$ 588,151.11
March 1, 2021		245,500.00	245,500.00	
September 1, 2021	110,000.00	245,500.00	355,500.00	601,000.00
March 1, 2022		243,850.00	243,850.00	
September 1, 2022	125,000.00	243,850.00	368,850.00	612,700.00
March 1, 2023		241,975.00	241,975.00	
September 1, 2023	140,000.00	241,975.00	381,975.00	623,950.00
March 1, 2024		239,875.00	239,875.00	
September 1, 2024	160,000.00	239,875.00	399,875.00	639,750.00
March 1, 2025		237,475.00	237,475.00	
September 1, 2025	175,000.00	237,475.00	412,475.00	649,950.00
March 1, 2026		234,850.00	234,850.00	
September 1, 2026	195,000.00	234,850.00	429,850.00	664,700.00
March 1, 2027		230,950.00	230,950.00	
September 1, 2027	215,000.00	230,950.00	445,950.00	676,900.00
March 1, 2028		226,650.00	226,650.00	
September 1, 2028	235,000.00	226,650.00	461,650.00	688,300.00
March 1, 2029		220,775.00	220,775.00	
September 1, 2029	260,000.00	220,775.00	480,775.00	701,550.00
March 1, 2030		214,275.00	214,275.00	
September 1, 2030	290,000.00	214,275.00	504,275.00	718,550.00
March 1, 2031		207,025.00	207,025.00	
September 1, 2031	315,000.00	207,025.00	522,025.00	729,050.00
March 1, 2032		202,300.00	202,300.00	
September 1, 2032	340,000.00	202,300.00	542,300.00	744,600.00
March 1, 2033		195,500.00	195,500.00	
September 1, 2033	370,000.00	195,500.00	565,500.00	761,000.00
March 1, 2034		188,100.00	188,100.00	
September 1, 2034	400,000.00	188,100.00	588,100.00	776,200.00
March 1, 2035		180,100.00	180,100.00	
September 1, 2035	430,000.00	180,100.00	610,100.00	790,200.00
March 1, 2036		171,500.00	171,500.00	
September 1, 2036	465,000.00	171,500.00	636,500.00	808,000.00

Continued on next page.

March 1, 2037		162,200.00	162,200.00	
September 1, 2037	500,000.00	162,200.00	662,200.00	824,400.00
March 1, 2038		152,200.00	152,200.00	
September 1, 2038	535,000.00	152,200.00	687,200.00	839,400.00
March 1, 2039		141,500.00	141,500.00	
September 1, 2039	570,000.00	141,500.00	711,500.00	853,000.00
March 1, 2040		130,100.00	130,100.00	
September 1, 2040	615,000.00	130,100.00	745,100.00	875,200.00
March 1, 2041		117,800.00	117,800.00	
September 1, 2041	660,000.00	117,800.00	777,800.00	895,600.00
March 1, 2042		104,600.00	104,600.00	
September 1, 2042	695,000.00	104,600.00	799,600.00	904,200.00
March 1, 2043		90,700.00	90,700.00	
September 1, 2043	745,000.00	90,700.00	835,700.00	926,400.00
March 1, 2044		75,800.00	75,800.00	
September 1, 2044	795,000.00	75,800.00	870,800.00	946,600.00
March 1, 2045		59,900.00	59,900.00	
September 1, 2045	845,000.00	59,900.00	904,900.00	964,800.00
March 1, 2046		41,450.00	41,450.00	
September 1, 2046	900,000.00	41,450.00	941,450.00	982,900.00
March 1, 2047		21,800.00	21,800.00	
September 1, 2047	<u>1,000,000.00</u>	<u>21,800.00</u>	<u>1,021,800.00</u>	<u>1,043,600.00</u>
Total	\$12,265,000.00	\$9,565,651.11	\$21,830,651.11	\$21,830,651.11

Aggregate annual Debt Service on the 2019 Bonds and on the 2017 Bonds is set forth in the following table.

Aggregate Debt Service

Bond Year Ending September 1	2017 Bonds Debt Service	2019 Bonds Debt Service	Total Debt Service
2020	\$ 2,071,688	\$ 588,151	\$ 2,659,839
2021	2,112,288	601,000	2,713,288
2022	2,155,888	612,700	2,768,588
2023	2,197,288	623,950	2,821,238
2024	2,241,488	639,750	2,881,238
2025	2,288,288	649,950	2,938,238
2026	2,332,488	664,700	2,997,188
2027	2,379,088	676,900	3,055,988
2028	2,426,338	688,300	3,114,638
2029	2,474,588	701,550	3,176,138
2030	2,523,588	718,550	3,242,138
2031	2,578,088	729,050	3,307,138
2032	2,626,525	744,600	3,371,125
2033	2,681,100	761,000	3,442,100
2034	2,732,750	776,200	3,508,950
2035	2,789,888	790,200	3,580,088
2036	2,843,650	808,000	3,651,650
2037	2,902,200	824,400	3,726,600
2038	2,959,925	839,400	3,799,325
2039	3,020,175	853,000	3,873,175
2040	3,078,175	875,200	3,953,375
2041	3,138,675	895,600	4,034,275
2042	3,206,175	904,200	4,110,375
2043	3,269,925	926,400	4,196,325
2044	3,333,413	946,600	4,280,013
2045	3,401,663	964,800	4,366,463
2046	3,468,888	982,900	4,451,788
2047	<u>3,499,563</u>	<u>1,043,600</u>	<u>4,543,163</u>
Total	\$76,733,796	\$21,830,651	\$98,564,447

Issuance of Parity Bonds

The Fiscal Agent Agreement permits the District to issue “Parity Bonds,” which are defined as bonds issued by the District for the CFD pursuant to the provisions of the Fiscal Agent Agreement payable from Special Taxes on a parity with the 2017 Bonds and the 2019 Bonds, subject to the conditions set forth in the Fiscal Agent Agreement. These provisions include that the District must be in compliance with all covenants set forth in the Fiscal Agent Agreement, that interest on Parity Bonds must be payable on March 1 and September 1 and principal must be payable on September 1 in any year in which principal is payable, and that the District must certify that the Maximum Special Taxes to be levied in every year, less the Minimum Administrative Expense Requirement in such year, are at least equal to 110% of the debt service payable on the Outstanding amount of the 2017 Bonds, 2019 Bonds and the Parity Bonds to be issued in every such year. The District may also establish a separate reserve fund with respect to a series of Parity Bonds; provided that such reserve account shall only secure the repayment of such parity obligations and shall not secure the 2017 Bonds, 2019 Bonds or any other issue of Parity Bonds.

SOURCES OF PAYMENT FOR THE 2019 BONDS

General

Pursuant to the Fiscal Agent Agreement, the Bonds (including the 2017 Bonds, the 2019 Bonds and any future Parity Bonds) are secured by a first pledge of all of the Special Tax Revenues (other than the Minimum Expense Requirement to be deposited annually on a priority basis to the Administrative Expense Fund under the provisions of the Fiscal Agent Agreement) and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account therein), and, until disbursed in accordance with the Fiscal Agent Agreement, the Special Tax Fund. The 2019 Bonds are also secured by the 2019 Reserve Fund. Special Tax Revenues do not include interest and penalties on foreclosure of the lien of Special Taxes in excess of the rate of interest payable on the Bonds. Such Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds in accordance with the Fiscal Agent Agreement until all of the Bonds have been paid or defeased.

Amounts in the Improvement Fund, the Administrative Expense Fund, the 2017 Reserve Fund and the Costs of Issuance Fund are not pledged to the repayment of the 2019 Bonds. The Ojai Water System and improvements thereto are not pledged to pay the debt service on the 2019 Bonds. The proceeds of condemnation or destruction of all or any portion of the Ojai Water System and improvements thereto are not pledged to pay the debt service on the 2019 Bonds.

Limited Obligation

The 2019 Bonds are limited obligations of the District on behalf of the CFD and are payable solely from and secured solely by the Special Tax Revenues (other than the Minimum Expense Requirement to be deposited annually on a priority basis to the Administrative Expense Fund under the provisions of the Fiscal Agent Agreement), and the amounts in the Bond Fund (including the Special Tax Prepayments Account therein), the 2019 Reserve Fund and the Special Tax Fund created pursuant to the Fiscal Agent Agreement.

In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2019 Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Special Tax Fund and the 2019 Reserve Fund, and the proceeds, if any, from foreclosure sales of parcels with delinquent Special Tax levies.

Special Taxes

The Rate and Method that was approved in accordance with the provisions of the Act at the time of formation of the CFD is set forth in its entirety in “APPENDIX C.” The Rate and Method provides for the levy of a “Special Tax” in order to fund the annual “Special Tax Requirement,” which includes amounts needed to pay the debt service on the Bonds, to pay costs of administering the Bonds and the CFD, to replenish any draws on any reserve fund established for the Bonds and to pay directly for costs of Authorized Facilities. See “THE CFD - Rate and Method of Apportionment of Special Tax” herein.

Under the Fiscal Agent Agreement, the District is obligated to fix and levy the amount of Special Taxes within the CFD required for the timely payment of principal of and interest on the outstanding Bonds becoming due and payable, including any necessary replenishment of any reserve funds established for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses. See “THE CFD - Rate and Method of Apportionment of Special Tax” herein.

Except as set forth in the Ordinance (which allows for the Board of Directors to provide for other appropriate methods of collection by resolution of the Board of Directors), Special Taxes will be payable and will be collected in the same manner, at the same time and in the same installments as the *ad valorem* taxes on real property are payable, and pursuant to the Act will have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property. The first Special Tax levy in the CFD was for Fiscal Year 2015-16. The Special Tax is levied only on Developed Property. See “THE CFD - Rate and Method of Apportionment of Special Tax” below.

Although the Special Taxes, when levied, will constitute a lien on the Developed Property within the CFD, they do not constitute a personal indebtedness of the owners of the Developed Property. Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax on a parcel of Developed Property, the District may order the institution of a superior court action to foreclose the lien on the parcel of Developed Property within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale. The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* property taxes. See “- Proceeds of Foreclosure Sales” below, “THE CFD - Rate and Method of Apportionment of Special Tax” and “RISK FACTORS - Payment of Special Tax is not a Personal Obligation of the Property Owners.”

Other liens for taxes and assessments already exist on the property located within the CFD and others could come into existence in the future. See “RISK FACTORS - Parity Taxes and Special Assessments.” There is no assurance that any owner of a parcel subject to the Special Tax levy will be financially able to pay the annual Special Taxes or that it will pay such taxes even if financially able to do so. See “RISK FACTORS - Payment of the Special Tax is not a Personal Obligation of the Property Owners.”

Proceeds of Foreclosure Sales

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the CFD of Special Taxes in an amount which is less than the Special Tax levied, the Board of Directors, as the legislative body of the CFD, may order that Special Taxes be collected by a superior court action to foreclose the lien of the delinquent Special Tax installment within specified time limits. In such an action, the real property that is subject to the unpaid amount may be sold at a judicial foreclosure sale.

Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, in the Fiscal Agent Agreement, the District has covenanted for the benefit of the Owners of the Bonds that it will commence and diligently pursue to completion judicial foreclosure

proceedings against (i) Developed Properties in the CFD with three delinquent installments of the payment of Special Taxes no later than the sixth month following the date on which the third installment of such Special Taxes was due, subject to a minimum of \$2,500 in delinquent Special Taxes; and (ii) all Developed Properties with delinquent Special Taxes by the October 1 following the close of each fiscal year in which the CFD receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied, provided, however, the District shall not be required to order and cause judicial foreclosure proceedings to be commenced against particular delinquent properties if the District determines that the cost of pursuing such foreclosure is greater than the outstanding delinquency. See “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT - Other Covenants of the District - Covenant to Foreclose.”

If foreclosure is necessary and other funds (including amounts in the 2019 Reserve Fund) have been exhausted, debt service payments on the 2019 Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays that are associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the District. See the caption “RISK FACTORS - Bankruptcy and Foreclosure.” Moreover, no assurance can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installments. See the caption “RISK FACTORS - Land Values.” Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the CFD any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

2019 Reserve Fund

A 2019 Reserve Fund has been established under the Fiscal Agent Agreement to be held by the Fiscal Agent to secure the timely payment of principal of and interest on the 2019 Bonds. The District must maintain a balance in the 2019 Reserve Fund equal to the 2019 Reserve Requirement. The 2019 Reserve Requirement for the 2019 Bonds is, as of any date of calculation, the lesser of 75% of (i) 10% of the par amount of the 2019 Bonds; (ii) Maximum Annual Debt Service on the 2019 Bonds; or (iii) 125% of average Annual Debt Service on the 2019 Bonds.

All amounts on deposit in the 2019 Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in such fund of the amount then required for payment of the principal of and interest and any premium on the 2019 Bonds.

The 2019 Reserve Fund established for the 2019 Bonds secures only the 2019 Bonds, and does not secure the 2017 Bonds or any other series of Parity Bonds that may be issued under the Fiscal Agent Agreement. Similarly, the 2017 Reserve Fund established for the 2017 Bonds secures only the 2017 Bonds, and does not secure the 2019 Bonds or any other series of Parity Bonds that may be issued under the Fiscal Agent Agreement (see “THE 2019 BONDS - Issuance of Parity Bonds” herein).

The Fiscal Agent Agreement provides that the District will satisfy the 2019 Reserve Requirement by means of the 2019 Reserve Policy (see “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT” herein). Concurrently with the issuance of the 2019 Bonds, the Municipal Bond Insurer will issue the 2019 Reserve Policy for the 2019 Bonds in the face amount of \$735,608, equal to the 2019 Reserve Requirement. For a further description of the provisions of the Fiscal Agent Agreement applicable to the 2019 Reserve Fund, see “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT - 2019 Reserve Fund.”

The District is not required under the Fiscal Agent Agreement to replace the 2019 Reserve Policy with cash or a replacement instrument in the event the ratings of the Municipal Bond Insurer decline or are withdrawn or the Municipal Bond Insurer fails to honor a draw on the 2019 Reserve Policy. If circumstances should

ever cause the 2019 Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the 2019 Reserve Requirement previously satisfied by the 2019 Reserve Policy. Under the Fiscal Agent Agreement, in the event that the amount on deposit in the 2019 Reserve Fund is less than the 2019 Reserve Requirement, the District is required to transfer to the Fiscal Agent an amount of available Special Tax Revenues sufficient to maintain the amount in the 2019 Reserve Fund at such 2019 Reserve Requirement. Should the amount of Special Tax Revenues then available to maintain the 2019 Reserve Fund at the 2019 Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Fiscal Agent Agreement, but the requirement of the District to transfer available Special Tax Revenues to the Fiscal Agent would continue.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2019 Bonds, BAM (sometimes referred to as the “Municipal Bond Insurer”) will issue its Municipal Bond Insurance Policy (the “2019 Insurance Policy”) for the 2019 Bonds maturing on September 1 of the years 2026 through 2047, inclusive, with CUSIP numbers 14762PBF9 through 14762PBX0 (collectively, the “Insured 2019 Bonds”). The 2019 Insurance Policy guarantees the scheduled payment of principal of and interest on the Insured 2019 Bonds when due as set forth in the form of the 2019 Insurance Policy included as an exhibit to this Official Statement.

The 2019 Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2019 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2019 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2019 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the 2019 Insurance Policy), and BAM does not guarantee the market price or liquidity of the 2019 Bonds, nor does it guarantee that the rating on the 2019 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$525 million, \$114 million and \$411 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the 2019 Bonds or the advisability of investing in the 2019 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the 2019 Bonds, and the issuer and underwriter assume no responsibility for their content. BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2019 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2019 Bonds, whether at the initial offering or otherwise.

THE CFD

General

The CFD encompasses approximately 2,150 gross acres of land in the City of Ojai and unincorporated Ventura County. The CFD currently includes 2,865 residential dwelling units, approximately 1.17 million square feet of retail/commercial uses and 402,000 square feet of industrial uses. There are approximately 172 acres of vacant land in the CFD that are not currently subject to the Special Tax.

As described in “THE FINANCING PLAN - Overview,” the CFD was formed for the purpose of financing the acquisition in 2017 of the Ojai Water System and subsequent improvements thereto. Upon payment of the Judgment Amount, ownership and operation of the Ojai Water System was transferred to the District. See “THE FINANCING PLAN - Overview.”

The 2019 Bonds are not secured by the Ojai Water System assets or net revenues of the Ojai Water System or the District, but solely from the Special Taxes and certain funds held under the Fiscal Agent Agreement.

Rate and Method of Apportionment of Special Tax

The CFD is legally authorized and has covenanted in the Fiscal Agent Agreement to levy the Special Taxes in accordance with the Rate and Method. Pursuant to the Rate and Method, Special Taxes are levied only on “Developed Property” up to the applicable Maximum Special Tax (as defined in the Rate and Method). “Developed Property” is defined as a parcel of taxable property for which a building permit was issued on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied.

Pursuant to the Rate and Method, the Special Tax can be levied for a period not to exceed 40 years commencing with Fiscal Year 2013-14. Further, pursuant to the Act, the Special Taxes levied in any Fiscal Year against any parcel of residential property in the CFD may not be increased as a consequence of delinquency or default by the owners of any other parcels within the CFD by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

See “APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI).”

The current Maximum Special Tax rates for Developed Property for the 2019-20 Fiscal Year are shown in Table No. 1. The Rate and Method included two tiers of Maximum Special Tax rates. One tier was to be levied prior to the “2nd Bond Issue,” for the purpose of paying costs associated with obtaining ownership of the Ojai Water System from Golden State. The second tier is levied after the “2nd Bond Issue,” for the purpose of paying debt service on the Bonds, improvements to the Ojai Water System and administrative costs of the CFD. The 2017 Bonds constituted the “2nd Bond Issue” for purposes of determining the Maximum Special Tax rates described in the Rate and Method.

TABLE NO. 1
FISCAL YEAR 2019-20 MAXIMUM SPECIAL TAX BY LAND USE CATEGORY

Land Use Class	Description	Parcel Square Footage	FY 2019-20 Maximum Special Tax
1	SF Detached Unit	43,560 SF or Larger	\$2,357.06
2	SF Detached Unit	= > 22,000 SF and < 43,560 SF	1,390.81
3	SF Detached Unit	= > 10,000 SF and < 22,000 SF	834.49
4	SF Detached Unit	Less than 10,000 SF	540.56
5	Condominium Unit	N/A	458.35
6	MF Attached Unit	N/A	390.03
7	Commercial Property	N/A	\$0.3412 per SF Floor Area
8	Industrial Property	N/A	\$0.1791 per SF Floor Area

Source: DTA.

In some instances a parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on a parcel in such case shall be the sum of the Maximum Special Tax for all Land Use Classes located on that parcel.

Further, in accordance with the Rate and Method, the Maximum Special Tax increases annually by an amount equal to two percent of the amount in effect for the previous Fiscal Year. After issuance of the 2017 Bonds, the District has levied the annual Special Taxes at rates equal to 90% of the applicable Maximum Special Tax and has used the amounts collected in excess of the debt service on the 2017 Bonds and Administrative Expenses to fund additional improvements to the Ojai Water System.

Table No. 2 summarizes the Developed Property within the CFD by Land Use Class as of May 1, 2019, along with the Fiscal Year 2019-20 Special Tax levy and the 2019-20 Maximum Special Tax that may be levied under the Rate and Method on such Developed Property.

The following tables exclude 169 parcels of vacant land within the CFD encompassing approximately 172 acres. These parcels are not subject to Special Taxes unless and until a building permit has been issued with respect to such parcels. The District makes no representation as to if, or when, any such properties will be developed and subject to the Special Tax.

**TABLE NO. 2
DEVELOPMENT SUMMARY AND FISCAL YEAR 2019-20 SPECIAL TAX**

Land Use Class	Description	Number of Parcels	Number of Residential Dwelling Units ⁽¹⁾	Bldg. Square Footage	FY 2019-20 Maximum Special Tax	FY 2019-20 Special Tax ⁽²⁾	% of FY 2019-20 Special Tax
1	SF Detached Unit	387	393	N/A	\$ 926,325	\$ 833,687	30.7%
2	SF Detached Unit	250	259	N/A	360,220	324,195	11.9%
3	SF Detached Unit	488	512	N/A	427,259	384,532	14.2%
4	SF Detached Unit	1,030	1,054	N/A	569,750	512,771	18.9%
5	Condominium Unit	84	84	N/A	38,501	34,650	1.3%
6	MF Attached Unit	<u>151</u>	<u>563</u>	N/A	<u>218,918</u>	<u>197,022</u>	<u>7.3%</u>
	Total Residential	2,390	2,865		2,540,973	2,286,857	84.3%
7	Commercial	189	N/A	1,172,861	402,538	362,307	13.3%
8	Industrial	<u>32</u>	N/A	<u>402,058</u>	<u>72,009</u>	<u>64,812</u>	<u>2.4%</u>
	Total Non-Residential	<u>221</u>		<u>1,574,919</u>	<u>474,547</u>	<u>427,119</u>	<u>15.7%</u>
	Total	2,611	2,865	1,574,919	\$3,015,520	\$2,713,976	100.0%

- (1) Some parcels contain more than one residential dwelling unit and are subject to the combined tax rate for all residential dwelling units located on such parcel.
- (2) The Fiscal Year 2019-20 Special Tax levy was submitted to the County in an amount equal to 90% of the Fiscal Year 2019-20 Maximum Special Tax.

Source: DTA.

The table shown below sets forth the ratio of the Maximum Special Taxes for existing Developed Property, less the Minimum Administrative Expense Requirement, to the total debt service on the 2017 Bonds and the projected debt service on the 2019 Bonds, based on existing Developed Property in the CFD.

**TABLE NO. 3
COVERAGE FROM DEVELOPED PROPERTY MAXIMUM SPECIAL TAX**

Bond Year Ending September 1	Maximum Special Tax ⁽¹⁾⁽²⁾	Minimum Administrative Expense Requirement ⁽³⁾	Special Tax Revenue	2017 Bonds Debt Service	2019 Bonds Debt Service	Total Debt Service	Coverage
2020 ⁽⁴⁾	\$3,015,520	\$(52,020)	\$2,963,500	\$2,071,688	\$ 588,151	\$2,659,839	111%
2021	3,075,800	(53,060)	3,022,740	2,112,288	601,000	2,713,288	111%
2022	3,137,300	(54,120)	3,083,180	2,155,888	612,700	2,768,588	111%
2023	3,200,000	(55,200)	3,144,800	2,197,288	623,950	2,821,238	111%
2024	3,264,000	(56,300)	3,207,700	2,241,488	639,750	2,881,238	111%
2025	3,329,300	(57,430)	3,271,870	2,288,288	649,950	2,938,238	111%
2026	3,395,900	(58,580)	3,337,320	2,332,488	664,700	2,997,188	111%
2027	3,463,800	(59,750)	3,404,050	2,379,088	676,900	3,055,988	111%
2028	3,533,100	(60,950)	3,472,150	2,426,338	688,300	3,114,638	111%
2029	3,603,800	(62,170)	3,541,630	2,474,588	701,550	3,176,138	112%
2030	3,675,900	(63,410)	3,612,490	2,523,588	718,550	3,242,138	111%
2031	3,749,400	(64,680)	3,684,720	2,578,088	729,050	3,307,138	111%
2032	3,824,400	(65,970)	3,758,430	2,626,525	744,600	3,371,125	111%
2033	3,900,900	(67,290)	3,833,610	2,681,100	761,000	3,442,100	111%
2034	3,978,900	(68,640)	3,910,260	2,732,750	776,200	3,508,950	111%
2035	4,058,500	(70,010)	3,988,490	2,789,888	790,200	3,580,088	111%
2036	4,139,700	(71,410)	4,068,290	2,843,650	808,000	3,651,650	111%
2037	4,222,500	(72,840)	4,149,660	2,902,200	824,400	3,726,600	111%
2038	4,307,000	(74,300)	4,232,700	2,959,925	839,400	3,799,325	111%
2039	4,393,100	(75,790)	4,317,310	3,020,175	853,000	3,873,175	111%
2040	4,481,000	(77,310)	4,403,690	3,078,175	875,200	3,953,375	111%
2041	4,570,600	(78,860)	4,491,740	3,138,675	895,600	4,034,275	111%
2042	4,662,000	(80,440)	4,581,560	3,206,175	904,200	4,110,375	111%
2043	4,755,200	(82,050)	4,673,150	3,269,925	926,400	4,196,325	111%
2044	4,850,300	(83,690)	4,766,610	3,333,413	946,600	4,280,013	111%
2045	4,947,300	(85,360)	4,861,940	3,401,663	964,800	4,366,463	111%
2046	5,046,200	(87,070)	4,959,130	3,468,888	982,900	4,451,788	111%
2047	5,147,100	(88,810)	5,058,290	3,499,563	1,043,600	4,543,163	111%

- (1) Notwithstanding the above, the Rate and Method and the Act provide that under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which a Certificate of Occupancy has been issued be increased by more than ten percent above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner(s) of any other Assessor's Parcel(s) within the CFD.
- (2) Assumes no change from Fiscal Year 2019-20 in number of parcels of Developed Property, residential dwelling units or square footage. The District makes no representation whether or not any Special Tax prepayments will occur and if so, in what amount. Any prepayment received after the Closing Date, would be used to redeem Bonds as described in "THE 2019 BONDS - Redemption - Redemption from Special Tax Prepayments."
- (3) The Minimum Administrative Expense Requirement increases by 2% annually.
- (4) The Fiscal Year 2019-20 Special Tax levy submitted to the County is \$2,713,976, which is an amount equal to 90% of the 2019-20 Maximum Special Tax.

Source: DTA and Harrell & Company Advisors, LLC.

Historical Assessed Valuation

The CFD was formed in 2013. In 2012-13, the District had 2,604 parcels of Developed Property with an assessed value of \$1,198,107,722. The first levy of Special Taxes occurred in 2015-16. Table No. 4 summarizes assessed valuations for all Developed Property in the CFD for Fiscal Years 2015-16 through 2019-20.

**TABLE NO. 4
HISTORICAL ASSESSED VALUATION**

<u>Fiscal Year</u>	<u>Number of Taxable Parcels</u>	<u>Land Value</u>	<u>Improvement Value</u>	<u>Total</u>
2015-16	2,605	\$742,612,673	\$651,020,616	\$1,393,633,289
2016-17	2,607	793,196,403	679,646,793	1,472,843,196
2017-18	2,605	845,156,410	709,486,302	1,554,642,712
2018-19	2,608	886,437,365	749,545,785	1,635,983,150
2019-20	2,611	930,230,819	803,595,863	1,733,826,682

Source: County of Ventura; compiled by DTA.

In the event of a successful property tax appeal or blanket reduction in assessed values in the future, reduced assessed values would not affect the amount of Special Taxes that can be levied under the Rate and Method but may alter the amount of overlapping general obligation bond tax levies.

Estimated Direct and Overlapping Debt

The ability of the owners of Developed Property within the CFD to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. Certain of these taxes relate to direct and overlapping tax and assessment debt as set forth in the below table (the "Debt Report"). The Debt Report has been derived from data that was assembled and reported to the District by California Municipal Statistics Inc. None of the District, the CFD, the Municipal Advisor or the Underwriter has independently verified the information in the Debt Report and such parties do not guarantee its completeness or accuracy. The Debt Report sets forth those entities that have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or other special taxes that do not secure debt. The Debt Report is included for general information purposes only.

**TABLE NO. 5
DIRECT AND OVERLAPPING DEBT SUMMARY
CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1**

2018-19 Assessed Valuation: \$1,635,983,150 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/19</u>
Ventura County Community College District General Obligation Bonds	1.214%	\$ 3,234,783
Ojai Unified School District General Obligation Bonds	38.782	12,431,440
Casitas Municipal Water District Community Facilities District No. 2013-1	100.000	<u>39,665,000</u> ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$55,331,223
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Ventura County General Fund Obligations	1.214%	\$ 3,942,583
Ventura County Superintendent of Schools Obligations	1.214	<u>111,924</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 4,054,507
COMBINED TOTAL DEBT		\$59,385,730 ⁽²⁾

⁽¹⁾ Excludes 2019 Bonds to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$39,665,000)	2.42%
Total Direct and Overlapping Tax and Assessment Debt.....	3.38%
Combined Total Debt.....	3.63%

Source: California Municipal Statistics.

Estimated Assessed Value-to-Lien Ratio

The value of the land within the CFD is significant because in the event of a delinquency in the payment of Special Taxes, the CFD may foreclose only against delinquent parcels. Dividing the 2019-20 assessed value of the property within the CFD by \$51,740,000 - the sum of the outstanding principal amount of the 2017 Bonds (\$39,475,000 as of September 2, 2019) and the principal amount of the 2019 Bonds - results in an estimated aggregate assessed value-to-lien ratio of 33.5 to 1 for property in the CFD. Dividing the assessed value of property in the CFD by the sum of the principal amount of the 2017 Bond and 2019 Bonds, and including the \$15,666,223 of additional overlapping general obligation bond debt that is allocable to Developed Property within the CFD as set forth under the caption “- Estimated Direct and Overlapping Debt” (for a total of \$67,406,223) results in an estimated assessed value-to-lien ratio of 25.7 to 1 for property in the CFD. Notwithstanding these averages, individual Developed Property value-to-lien ratios vary considerably.

The estimated assessed value-to-lien ratios exclude undeveloped property within the CFD not currently subject to the Special Tax.

Table No. 6 sets forth the value-to-lien ratios among all parcels in the CFD.

**TABLE NO. 6
PARCELS VALUE-TO-LIEN RATIO**

<u>Assessed Value-to-Lien</u>	<u>Parcels</u>	<u>Residential Dwelling Units</u>	<u>Bldg. Square Feet ⁽¹⁾</u>	<u>% of Special Tax Bonds</u>	<u>Share of Bonds ⁽²⁾</u>	<u>Share of Other ⁽³⁾</u>	<u>Assessed Value ⁽⁴⁾</u>	<u>Average Assessed Value to Lien ⁽⁵⁾</u>
30.00:1 and above	989	924	290,613	27.20%	\$14,071,136	\$ 8,607,837	\$ 952,654,515	42.0:1
20.00:1 to 29.99:1	723	750	647,776	29.47%	15,248,069	4,351,072	481,545,881	24.6:1
10.00:1 to 19.99:1	543	732	420,746	27.28%	14,113,287	2,258,569	249,962,362	15.3:1
5.00:1 to 9.99:1	207	246	136,837	8.80%	4,552,970	322,759	35,720,685	7.3:1
3.00:1 to 4.99:1	119	167	76,447	5.64%	2,919,561	109,817	12,153,731	4.0:1
Less than 3.00:1	<u>30</u>	<u>46</u>	<u>2,500</u>	<u>1.61%</u>	<u>834,977</u>	<u>16,169</u>	<u>1,789,508</u>	2.1:1
Total	2,611	2,865	1,574,919	100.00%	\$51,740,000	\$15,666,223	\$1,733,826,682	25.7:1

⁽¹⁾ Industrial and Commercial Property.

⁽²⁾ Principal of the Outstanding 2017 Bonds and the 2019 Bonds allocated based on the proportionate share of the Special Tax levy for the CFD for Fiscal Year 2019-20.

⁽³⁾ Overlapping Tax Debt as shown in the table “Direct and Overlapping Debt Summary” above.

⁽⁴⁾ Based on Ventura County Assessor Roll for Fiscal Year 2019-20, with a January 1, 2019 lien date.

⁽⁵⁾ Calculated as the “Assessed Value” divided by the total of “Share of Bonds” and “Share of Other.”

Source: DTA.

Largest Taxpayers

Table No. 7 shows the percent of the Fiscal Year 2019-20 Special Tax on Developed Property based on property ownership status as of January 1, 2019 as provided by the County of Ventura.

**TABLE NO. 7
LARGEST TAXPAYERS**

<u>Property Owner</u> ⁽¹⁾	<u>Number of Parcels</u>	<u>Number of Residential Dwelling Units</u> ⁽²⁾	<u>Commercial/ Industrial Property Bldg. Square Footage</u>	<u>FY 2019-20 Special Tax</u>	<u>FY % of 2019-20 Special Tax</u>
OVIS LLC	6	1	133,507	\$ 43,121	1.6%
Gables of Ojai LLC	2	-	59,798	18,364	0.7%
Vadnais, Dean & Gloria Tr et al	6	-	52,040	14,489	0.5%
Community Mem Health Systems	2	-	43,293	13,295	0.5%
Condor Self & Storage LLC	1	-	76,188	12,282	0.5%
Shamshiri, Ramin & Langley D Tr	3	7	-	12,241	0.5%
Resort Apartments LLC	1	34	-	12,026	0.4%
Ojai Bungalows LP	9	32	-	11,789	0.4%
Stevens, Murelle G Surv Tr	2	32	-	11,319	0.4%
Ojai Med Group et al	1	-	35,576	10,925	0.4%
El Roblar Properties LP	1	-	34,500	10,595	0.4%
Baskin, Robert M Tr	5	20	-	9,886	0.4%
Bjornestad Arthur O II Tr	1	-	56,446	9,099	0.3%
Rains Family Investment Co	2	-	26,802	8,231	0.3%
Ojai Valley School	7	8	-	8,218	0.3%
Calabasas Estates LLC	1	-	48,906	7,884	0.3%
417 Bryant Circle LLC	1	-	25,467	7,821	0.3%
Rogers-Cooper Mem Foundation	2	7	-	7,779	0.3%
Wells, Jack L & Barbara J Tr	3	19	-	7,619	0.3%
Montgomery Oaks Assoc	1	21	-	7,428	0.3%
Merewether, Michael L-L J Tr	1	21	-	7,428	0.3%
Ojai Valley Athletic Club	1	-	23,196	7,123	0.3%
Los Angeles Entertainment Tr	<u>3</u>	<u>1</u>	<u>20,226</u>	<u>6,962</u>	<u>0.3%</u>
Subtotal	62	203	635,945	265,925	9.8%
Other Property Owners	<u>2,549</u>	<u>2,662</u>	<u>938,974</u>	<u>2,448,051</u>	<u>90.2%</u>
Total	2,611	2,865	1,574,919	\$2,713,976	100.0%

⁽¹⁾ Based on the Ventura County Assessor Roll for Fiscal Year 2019-20, with a January 1, 2019 lien date.

⁽²⁾ Some parcels contain more than one unit and are subject to the combined tax rate for all units located on such parcel.

Source: County of Ventura; compiled by DTA.

Historical Levies and Tax Delinquencies

Under the provisions of the Act, the Special Taxes, from which funds for the payment of principal of, and interest on, the Bonds are derived, will be billed to property owners in the CFD on their regular property tax bills. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot generally be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See the caption “RISK FACTORS - Tax Delinquencies.”

The following table illustrates the historical Special Tax levies and delinquencies from Fiscal Year 2015-16 to and including 2018-19 for Developed Property.

**TABLE NO. 8
SPECIAL TAX LEVIES AND DELINQUENCIES**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Annual Special Tax Levied	\$460,343	\$470,161	\$2,594,723	\$2,657,884
Number of Parcels Subject to Levy	2,605	2,607	2,605	2,608
<u>As of Each Fiscal Year End:</u>				
Amount Collected	\$453,652	\$464,811	\$2,573,439	\$2,624,409
Amount Delinquent ⁽¹⁾	\$ 6,691	\$ 5,350	\$ 21,284	\$ 33,475
Number of Parcels Delinquent	68	42	35	45
Percent Delinquent	1.45%	1.14%	0.82%	1.26%
<u>As of June 30, 2019:</u>				
Remaining Amount Delinquent ⁽¹⁾	\$ 168	\$ 363	\$ 8,384	\$ 33,475
Remaining Parcels Delinquent	2	4	13	45
Remaining Percent Delinquent	0.04%	0.08%	0.32%	1.26%

⁽¹⁾ Delinquent amount does not include penalties, interest or fees.

Source: County of Ventura Treasurer-Tax Collector, compiled by DTA.

Estimated Tax Rate

Set forth on the following page is Table No. 9 which provides the estimated effective tax rates for all Special Tax categories under the Rate and Method of Residential Developed Property, assuming all property is located within the Ojai Valley Sanitary District (“Sanitary District”) and subject to the fixed sewer assessments collected on the tax roll by the Sanitary District.

**TABLE NO. 9
ESTIMATED TOTAL EFFECTIVE TAX RATES FOR RESIDENTIAL PROPERTY**

Assessed Valuation	Land Use Class						
	1	2	3	4	5	6	
Average Assessed Value for a Representative Unit ⁽¹⁾	\$1,130,000	\$784,500	\$513,500	\$374,100	\$557,200	\$156,700	
Less: Owner-Occupied Exemption	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>NA</u>	
Equals: Net Taxable Average Assessed Value ⁽²⁾	\$1,123,000	\$777,500	\$506,500	\$367,100	\$550,200	\$156,700	
Estimated Ad Valorem Property Taxes ⁽³⁾	Property Tax Rate Estimated Amount						
Base Property Tax	1.00000%	\$ 11,230	\$ 7,775	\$ 5,065	\$ 3,671	\$ 5,502	\$ 1,567
Ojai Unified School District G.O. Bonds	0.01850%	208	144	\$94	68	102	29
Ojai Unified School District G.O. Bonds #2	0.02960%	332	230	150	109	163	46
Ventura County Community College District G.O. Bonds	0.01520%	171	118	77	56	84	24
Casitas Municipal Water District G.O. Bonds	<u>0.00631%</u>	<u>71</u>	<u>49</u>	<u>32</u>	<u>23</u>	<u>35</u>	<u>10</u>
Subtotal Ad Valorem Property Tax Rate/Taxes	1.06961%	\$ 12,012	\$ 8,316	\$ 5,418	\$ 3,927	\$ 5,885	\$ 1,676
Parcel Charges, Assessments and Special Taxes ⁽⁴⁾	Estimated Amount						
Ventura County Watershed Protection District NPDES	\$ 5	\$ 5	\$ 4	\$ 4	\$ 2	\$ 3	
Ventura County Vector Control District	5	5	5	5	3	2	
Ojai National Pollutant Discharge Elimination System (NPDES)	9	9	8	8	4	5	
Ventura County Flood Zone Benefit Assessment	26	25	23	23	12	14	
Ojai Library District Assessment	35	35	35	35	35	25	
Ojai Landscape and Lighting Maintenance District No. 3	22	22	15	14	15	2	
Ojai Maintenance District No. 1	24	24	13	10	12	3	
Ojai Valley Sanitation District	688	688	688	688	688	688	
Casitas Municipal Water District CFD No. 2013-1 (OJAI) Special Tax ⁽⁵⁾	<u>2,121</u>	<u>1,252</u>	<u>751</u>	<u>487</u>	<u>413</u>	<u>354</u>	
Subtotal Parcel Charges, Assessments and Special Taxes	\$ 2,934	\$ 2,064	\$ 1,543	\$ 1,274	\$ 1,185	\$ 1,095	
Estimated Total Property Taxes	\$ 14,946	\$10,380	\$ 6,960	\$ 5,201	\$ 7,070	\$ 2,772	
Estimated Effective Tax Rate (As % of Net Assessed Value)	1.331%	1.335%	1.374%	1.417%	1.285%	1.769%	
See footnotes on following page.							

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- (1) Average assessed value for an occupied dwelling unit on a parcel containing only one residential dwelling unit, excluding multifamily attached units for Land Use Class 6, based on assessed value information provided by the Ventura County Assessor as of January 1, 2019. Average assessed value for a Land Use Class 6 residential dwelling unit represents equivalent value per residential dwelling unit with a multifamily structure, based on assessed value information provided by the Ventura County Assessor as of January 1, 2019.
 - (2) Assessed Value and *ad valorem* taxes for individually owned residential units incorporate owner-occupied Assessed Value exemption of \$7,000. Net Taxable Average Assessed Value used to determine the Projected Effective Tax Rate.
 - (3) Based on the Fiscal Year 2018-19 *ad valorem* tax rates for all tax rate areas within the CFD. Rates subject to change in future years.
 - (4) Based on the Fiscal Year 2018-19 charges identified on the Ventura County issued property tax bills for representative parcels within the CFD. Projected charges for a Land Use Class 6 unit represents equivalent charges per residential dwelling unit with a multifamily structure. Charges subject to change in future years.
 - (5) Based on the levy of the Fiscal Year 2019-20 Special Tax.

Source: DTA.

RISK FACTORS

The following is a discussion of certain risk factors that should be considered, in addition to other matters that are set forth in this Official Statement, in evaluating the investment quality of the 2019 Bonds. This discussion does not purport to be comprehensive or definitive. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. The occurrence of one or more of the events that are discussed below could adversely affect the value of the property in the CFD. Moreover, the occurrence of one or more of the events that are discussed below could adversely affect the ability or willingness of property owners in the CFD to pay their Special Taxes when due. Such a failure to pay Special Taxes could result in the inability of the District to make full and punctual payments on the 2019 Bonds.

Limited Obligations

The District's obligations under the 2019 Bonds and under the Fiscal Agent Agreement are limited obligations of the District for the CFD, and are payable solely from and secured solely by the Special Tax Revenues and amounts in the Special Tax Fund, the Bond Fund and the 2019 Reserve Fund established under the Fiscal Agent Agreement. The 2019 Bonds are neither general or special obligations of the District nor general obligations of the CFD, but are limited obligations of the District for the CFD, payable solely from the Special Tax Revenues and funds pledged therefor and under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the District or the State of California or of any of their respective political subdivisions is pledged to the payment of the 2019 Bonds.

Limitation on Developed Residential Property Special Tax Levy

Pursuant to the Act, under no circumstances will the Special Taxes that are levied against any parcel of residential property within the CFD be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquency or default. As a result, it may not be possible to levy Special Taxes at the maximum Special Tax rates under the Rate and Method.

Payment of the Special Tax is not a Personal Obligation of the Property Owners

The obligation to pay Special Taxes levied within the CFD does not constitute a personal obligation of the current or subsequent owners of the Developed Property in the CFD. Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the County Superior Court. See the caption "SOURCES OF PAYMENT FOR THE 2019 BONDS - Proceeds of Foreclosure Sales." There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes will be able to pay the Special Taxes, or that an owner will choose to pay such installments even if such owner is financially able to do so.

Land Values

The value of the Developed Property within the CFD is a critical factor in determining the investment quality of the 2019 Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, natural disasters or military or terrorist activities, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See the caption "THE CFD - Estimated Assessed Value-to-Lien Ratio."

The assessed values that are set forth in this Official Statement do not represent market values that were arrived at through an appraisal process. Rather, assessed values reflect the sales price of a parcel when the parcel is acquired by its current owner, adjusted annually by an amount that is determined by the County

Assessor, generally not to exceed an increase of more than 2% per Fiscal Year, and value increases attributable to new construction. In some years such upward adjustment has been less than 2% annually. In years following the great recession, many counties in the State, including the County, reassessed certain properties that were acquired in recent years at the peak of the real estate market. The District cannot predict whether the County will reduce assessed values within the CFD in future years. If the County did decide to broadly reassess assessed valuations in the County, it is possible that in future years the assessed values shown in this Official Statement would be lower than as described herein.

Prospective purchasers of the 2019 Bonds should not assume that the Developed Property within the CFD could be sold for the assessed values that are described in this Official Statement at a foreclosure sale for delinquent Special Taxes.

No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed upon and offered for sale for the amount of the delinquency, any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See the caption "SOURCES OF PAYMENT FOR THE 2019 BONDS - Proceeds of Foreclosure Sales."

Assessment Appeals and Proposition 8

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner may also informally request a reduction.

A property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its prereduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the County Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, property tax revenues attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

Proposition 8, which was approved by State voters in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions pursuant to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions

or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. There can be no assurance that reductions will not be made in the future.

For historical assessed valuations in the CFD, see the caption “THE CFD - Historical Assessed Valuation.”

Value-to-Lien Ratios

The estimated value-to-lien ratios that are set forth under the caption “THE CFD - Estimated Assessed Value-to-Lien Ratio” are based on the assessed values of property in the CFD and the direct and overlapping debt that is currently allocable to such property. Individual value-to-lien ratios may vary considerably from the average. No assurance can be given that such value-to-lien ratios will be maintained over time. As discussed in this Official Statement, many factors that are beyond the control of the District and the CFD could adversely affect the property values within the CFD. Neither the District nor the CFD has any control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See the captions “- Parity Taxes and Special Assessments” and “THE CFD – Estimated Direct and Overlapping Debt.” A decrease in the property values in the CFD or an increase in the parity liens on property in the CFD, or both, could result in a lowering of the value-to-lien ratios of the property in the CFD.

Issuance of Parity Bonds

The Fiscal Agent Agreement allows for the issuance of Parity Bonds secured by a pledge of Special Tax Revenues on a parity with the pledge of the Special Tax Revenues under the Fiscal Agent Agreement securing the 2017 Bonds and the 2019 Bonds, subject to compliance with the applicable requirements of the Fiscal Agent Agreement. See “THE 2019 BONDS - Issuance of Parity Bonds.”

Natural Disasters

The CFD, like most areas in the State, may be subject to unpredictable seismic activity, fires, floods, high winds, drought, landslides or other natural disasters. The District encompasses property in the City of Ojai (“Ojai”) and its surrounding environs. According to safety element of the Ojai General Plan, there are several earthquake faults and fault zones located near Ojai. In the event of a surface displacement along these fault zones, loss of life and property damage in the unincorporated County area and the incorporated areas of Ojai could be significant. Of primary concern are the Santa Ana/Arroyo Parida Fault Zone and the Lion Mountain Fault. Other seismic hazards include ground shaking and liquefaction.

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. According to the safety element of Ojai’s General Plan, there are no dams within, adjacent to or upstream from Ojai which are large enough to endanger lives and property in the event of a failure. However, flooding is considered a risk and some areas of Ojai, and therefore of the CFD, are within a 100-year flood plain.

Further, because area surrounding Ojai is covered with woodland, brush or grassland, there is wildfire risk depending on weather conditions. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and in some cases destroyed thousands of homes. In some instances entire neighborhoods have been destroyed. Portions of the CFD are located in an area designated by California Department of Forestry and Fire Protection as a Very High Fire Hazard Severity Zone (“FHSZ”). While FHSZ zones do not predict when or where a wildfire will occur, they do

identify areas where wildfire hazards could be more severe and therefore are of greater concern. More particularly, the Thomas Fire was a massive wildfire that affected Ventura and Santa Barbara Counties which burned approximately 281,893 acres between December 2017 and January 2018.

The Thomas Fire destroyed many residences in several rural communities amidst the rugged mountain terrain of Ventura County. The fire threatened the Ojai Valley, and on December 13, 2017 the fire completely surrounded the area, including Lake Casitas. However, no structures in the CFD were actually destroyed in the Thomas Fire, although the Ojai Valley School was heavily damaged and 2 of its buildings were lost (located on the school's upper campus, outside the CFD). Most of the 1,063 structures that were destroyed in the Thomas Fire were located west of Ojai, closer to the City of Ventura.

There can be no assurances that future wildfires won't occur affecting the property located in the CFD. Property damage due to wildfire could result in a significant decrease in the market value of property in the CFD and in the ability or willingness of property owners to pay Special Taxes when due.

One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Developed Property may well depreciate. In addition, if the value of the Developed Property in the CFD is diminished in the aftermath of such a natural disaster, it may have the effect of reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Parity Taxes and Special Assessments

Property within the CFD is subject to taxes and assessments that are imposed by other public agencies with jurisdiction over the land within the CFD. See the caption "THE CFD - Estimated Direct and Overlapping Debt."

The Special Taxes and any related penalties will constitute a lien against the Developed Property on which they will be annually imposed until they are paid. Such lien is on parity with all special taxes and special assessments that are levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property, except for liens or security interests held by the FDIC. See the captions "- Bankruptcy and Foreclosure" and "- FDIC/Federal Government Interests in Properties."

The District has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the Developed Property within the CFD. In addition, the landowners within the CFD may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments, and any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes. The imposition of additional indebtedness could reduce the willingness and the ability of the owners of the Developed Property within the CFD to pay the Special Taxes when due.

Insufficiency of Special Taxes

In order to pay debt service on the 2019 Bonds, it is necessary that the Special Taxes levied against the Developed Property within the CFD be paid in a timely manner. The District has established the 2019 Reserve Fund in an amount equal to the 2019 Reserve Requirement to pay debt service on the 2019 Bonds to the extent Special Taxes are not paid on time and other funds are not available. See "SOURCES OF PAYMENT FOR THE 2019 BONDS - 2019 Reserve Fund" and "APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT." Under the Fiscal Agent Agreement, the District has covenanted to maintain in the

2019 Reserve Fund an amount equal to the 2019 Reserve Requirement; subject, however, to the limitation that the District may not levy the Special Tax in any fiscal year at a rate in excess of the Maximum Special Tax rates permitted under the Rate and Method, and the provisions of Section 53321(d) of the Act. Consequently, if a delinquency occurs, the District may be unable to replenish the 2019 Reserve Fund to the 2019 Reserve Requirement due to the limitation of the Maximum Special Tax rates, and the provisions of Section 53321(d) of the Act. If such defaults were to continue in successive years, the 2019 Reserve Fund could be depleted and a default on the 2019 Bonds would occur if proceeds of a foreclosure sale did not yield a sufficient amount to pay the delinquent Special Taxes.

The District has made certain covenants regarding the institution of foreclosure proceedings with respect to the Developed Property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. See “SOURCES OF PAYMENT FOR THE 2019 BONDS - Proceeds of Foreclosure Sales.” If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest.

Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2019 Bonds are derived, are being billed to the owners of the Developed Property in the CFD on the regular ad valorem property tax bills sent to owners of the parcels. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular ad valorem property tax installments. Generally, Special Tax installment payments cannot be made separately from *ad valorem* property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular ad valorem property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See “SOURCES OF PAYMENT FOR THE 2019 BONDS - 2019 Reserve Fund” and “- Proceeds of Foreclosure Sales” for a discussion of the provisions which apply, and procedures which the CFD is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments.

The County of Ventura does not apply the Teeter Plan with respect to special tax levies and assessments, which would guarantee 100% of tax collections to the CFD. As a result, the CFD bears the risk of delinquent tax payments. The CFD does receive all interest and penalties levied and collected due to delinquencies but such amounts of interest and penalties on foreclosure of the lien of Special Taxes in excess of the rate of interest payable on the Bonds are not pledged to the Bonds.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels of Developed Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel of Developed Property to pay the Special Tax, even if the value of the property is sufficient to justify payment, may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The District has caused a notice of the Special Tax lien to be recorded in the Office of the Recorder for the County against the Developed Property in the CFD. Although title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation when purchasing a parcel of Developed Property within the CFD or lending money thereon, as applicable.

California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the Special Tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Potential Early Redemption of Bonds from Prepayments

Property owners within the CFD are permitted to prepay their Special Taxes at any time. Such prepayments will result in a redemption of Bonds from Special Tax prepayments on the next Interest Payment Date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of any such Special Tax prepayment. Any resulting redemption of 2019 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2019 Bonds. To date, there has been one prepayment with respect to parcels aggregating \$6,200. See the caption “THE 2019 BONDS - Redemption - Redemption from Special Tax Prepayments.”

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has initiated a program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2019 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2019 Bonds might be affected as a result of such an audit (or by an audit of similar bonds or securities).

No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Internal Revenue Code (or the interpretation thereof) subsequent to the issuance of the 2019 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2019 Bonds or their market value.

FDIC/Federal Government Interests in Properties

General. The ability of the CFD to collect the Special Taxes and interest and penalties as specified by State law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the FDIC, the Federal National Mortgage Association (“FNMA”), the IRS, the Drug Enforcement Administration or other similar federal governmental agencies has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government’s interest. This means that, unless the United States Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes (including Special Taxes) and assessments levied on the parcel, the

applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless the United States Congress has otherwise provided, if the federal government has a mortgage interest in a parcel and the District wishes to foreclose on the parcel to satisfy a lien of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount that is sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson*, 597 F.2d 174 (9th Cir. 1979), the United States Court of Appeal, Ninth Circuit (the "Ninth Circuit"), held that FNMA is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States. For a discussion of risks associated with taxable parcels within the CFD becoming owned by the federal government, federal government entities or federal government-sponsored entities, see the caption "-Insufficiency of Special Taxes."

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels of Developed Property that are subject to the levy of the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2019 Bonds are outstanding.

FDIC. In the event that any financial institution that has made a loan which is secured by real property within the CFD is taken over by the FDIC, and the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the CFD to collect interest and penalties as specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the "1991 Policy Statement"). The 1991 Policy Statement was revised and superseded by new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property that is owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes that are assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent that the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will neither pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims.

The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent. The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed when the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent that such lien purports to secure the payment of any such amounts. Special taxes that are imposed under the Act and a special tax formula that determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act. With respect to property in the State that was owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Company (the "RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes that are imposed

pursuant to the Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The District and the CFD are unable to predict what effect the FDIC's application of the Policy Statement would have in the event of a delinquency on a parcel of Developed Property within the CFD in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would likely reduce the number of persons who would be willing to purchase a parcel at a foreclosure sale. Owners of the 2019 Bonds should assume that the District will be unable to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the 2019 Reserve Fund and perhaps, ultimately, a default in payment on the 2019 Bonds.

Bankruptcy and Foreclosure

The various legal opinions to be delivered concurrently with the issuance of the 2019 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws that affect the rights of creditors generally.

The payment of Special Taxes and the ability of the District to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency or other laws that affect creditors' rights or by the laws of the State relating to judicial foreclosure.

Bankruptcy, insolvency and other laws that affect creditors' rights could adversely impact the interests of owners of the 2019 Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of delinquent unpaid Special Taxes pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws that affect creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. See the caption "SOURCES OF PAYMENT FOR THE 2019 BONDS - Proceeds of Foreclosure Sales." In addition, the prosecution of a foreclosure could be delayed for many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the United States Bankruptcy Code might prevent moneys that are on deposit in the Special Tax Fund from being applied to pay interest on the 2019 Bonds and/or to redeem 2019 Bonds if bankruptcy proceedings were brought by or against a landowner in the CFD and if the court found that any of such landowners had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount and priority of any lien on property that secures the payment of delinquent Special Taxes could be reduced or modified if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in an unwillingness to pay Special Taxes, a stay or other delay in prosecuting Superior Court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the 2019 Bonds and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glaspoly Marine Industries* ("Glaspoly"). In that case, the court held that *ad valorem* property taxes that were levied by Snohomish County, Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes that were imposed before the bankruptcy petition, unpaid taxes that were imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after the payment of all secured creditors. As a result, the secured creditor was

able to foreclose on the property and retain all of the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 included a provision which excepts from the United States Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an ad valorem property tax imposed by ... a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court]." This amendment effectively makes the Glasply holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the Glasply ruling could still result in the treatment of postpetition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court's ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien on taxable parcels which is subject to the same lien priority in the case of delinquency as ad valorem taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy. Glasply is controlling precedent on bankruptcy courts in the State. If the Glasply precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as: (i) a stay in enforcement of the foreclosure covenant; (ii) a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment; and (iii) a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

No Acceleration Provision

The 2019 Bonds and the Fiscal Agent Agreement do not contain a provision allowing for the acceleration of the 2019 Bonds in the event of a payment default or other default under the terms of the 2019 Bonds or the Fiscal Agent Agreement or in the event interest on the 2019 Bonds becomes included in gross income for federal income tax purposes.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the 2019 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2019 Bonds as a result of a failure of the District to comply with certain provisions of the Internal Revenue Code of 1986, as amended, or certain legislative changes that occur after the issuance of the 2019 Bonds. Should such an event of taxability occur, the 2019 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption provisions of the Fiscal Agent Agreement.

Cybersecurity

As a recipient and provider of personal, private and sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

No assurance can be given that the District's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District or the CFD, or the administration of the 2019 Bonds. The District is also reliant on other entities and service providers in connection with the administration of the 2019 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the District, the CFD and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2019 Bond owners.

Limitations on Remedies

The remedies available to the Fiscal Agent and the registered owners of the 2019 Bonds upon the occurrence of an event of default under the Fiscal Agent Agreement or upon a default of any other document described in this Official Statement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any Legal opinions to be delivered concurrently with the issuance of the 2019 Bonds may be qualified to the extent that the enforceability of the legal documents with respect to the 2019 Bonds, including the Fiscal Agent Agreement, is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the 2019 Bonds or, if a secondary market exists, that such 2019 Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to 2019 Bond owners on a timely basis. See the caption "CONCLUDING INFORMATION - Continuing Disclosure." The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, 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.

Proposition 218

An initiative measure, Proposition 218, which is referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIIC and XIID to the State Constitution. According to the "Title and Summary" of the Initiative that was prepared by the State Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes that are available to the CFD to pay the principal of and interest on the 2019 Bonds as described below.

Among other things, Section 3 of Article XIIC states that "...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate

and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or to terminate the levy of any special tax that is pledged to repay any debt that was incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2019 Bonds.

It may be possible, however, for voters or the Board of Directors, acting as the legislative body of the CFD, to reduce the Special Taxes in a manner that does not interfere with the timely repayment of the 2019 Bonds, but that does reduce the maximum amount of Special Taxes that may be levied in any year below existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts that are greater than the amount that is necessary for the timely retirement of the 2019 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses.

Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels of Developed Property within the CFD below the amounts that are necessary to provide Special Tax Revenues in an amount equal to Minimum Administrative Expenses for the current Fiscal Year plus an amount equal to 110% of Maximum Annual Debt Service on the Outstanding Bonds. See the caption “SOURCES OF PAYMENT FOR THE 2019 BONDS - Special Taxes.” In connection with the foregoing covenant, the District has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the 2019 Bonds. The District also has covenanted that, in the event that an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See the caption “- Limitations on Remedies.”

Ballot Initiatives

The Initiative was adopted pursuant to a measure that qualified for the ballot pursuant to the State’s Constitutional initiative process, and the State Legislature has in the past enacted legislation that has altered the spending limitation or established minimum funding provisions for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiative. From time to time, other initiative measures could be adopted by State voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County or local districts to increase revenues or appropriations or on the ability of a property owner to develop or redevelop property within the CFD.

LEGAL MATTERS

Concurrent with the issuance of the 2019 Bonds, Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel, will render its opinion substantially in the form set forth in “APPENDIX B” to this Official Statement. Quint & Thimmig LLP, Larkspur, California, is acting as Disclosure Counsel to the District with respect to the 2019 Bonds. Certain legal matters will be passed upon for the District and the CFD by Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP, Oxnard, California, in its capacity as General Counsel to the District. Certain legal matters related to the 2019 Bonds will be passed upon for the Underwriter by Jones Hall, a Professional Law Corporation, San Francisco, California. Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent on the issuance of the 2019 Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the 2019 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted in the Fiscal Agent Agreement to comply with all requirements that must be satisfied in order for the interest on the 2019 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2019 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2019 Bonds.

Subject to the District’s compliance with the above-referenced covenants, under present law, in the opinion of Rutan & Tucker, LLP, Bond Counsel, interest on the 2019 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the “Code”).

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within its knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The issue price (the “Issue Price”) for each maturity of the 2019 Bonds is the price at which a substantial amount of such maturity of the 2019 Bonds is first sold to the public. The Issue Price of a maturity of the 2019 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside front cover page of this Official Statement.

If the Issue Price of a maturity of the 2019 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2019 Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until

a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2019 Bonds who dispose of 2019 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2019 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2019 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2019 Bond is purchased at any time for a price that is less than the 2019 Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2019 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2019 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2019 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2019 Bonds.

An investor may purchase a 2019 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2019 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2019 Bond. Investors who purchase a 2019 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2019 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2019 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2019 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. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2019 Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2019 Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2019 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2019 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2019 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2019 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2019 Bonds is exempt from personal income taxation imposed by the State of California.

Owners of the 2019 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding federal tax consequences arising with respect to the ownership, sale or disposition of the 2019 Bonds, or the amount, accrual or receipt of interest on the 2019 Bonds.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the 2019 Bonds is set forth in “APPENDIX B - PROPOSED FORM OF OPINION OF BOND COUNSEL.”

CONCLUDING INFORMATION

Ratings on the 2019 Bonds

S&P Global Ratings (“S&P”) has assigned to the Insured 2019 Bonds (being the 2019 Bonds maturing on September 1 in the years 2026 through and including 2047) its municipal bond rating of “AA” with the understanding that the 2019 Insurance Policy insuring the payment when due of the principal of and interest on the Insured 2019 Bonds will be issued concurrently by the Municipal Bond Insurer with the delivery of the Insured 2019 Bonds. The 2019 Bonds have received the underlying rating of “A+” by S&P. Such ratings reflects only the views of S&P, and any desired explanation of the significance of such ratings may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019 Bonds. Except as otherwise required in the Continuing Disclosure Agreement, the District undertakes no responsibility either to bring to the attention of the owners of any 2019 Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

No Litigation

The District is not aware of any pending or threatened litigation challenging the validity of the 2019 Bonds, the Special Taxes securing the 2019 Bonds, or any action taken by the District in connection with the formation of the CFD, the Rate and Method, the levying of the Special Taxes or the issuance of the 2019 Bonds.

Underwriting

Piper Jaffray & Co. (the “Underwriter”) is offering the 2019 Bonds at the prices set forth on the inside front cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter purchased the 2019 Bonds at a price equal to \$13,893,870.40, which amount represents the principal amount of the 2019 Bonds plus an original issue premium of \$1,711,659.15 and less the Underwriter’s discount of \$82,788.75. The Underwriter will pay certain of their expenses relating to the offering.

The Municipal Advisor

The material contained in this Official Statement was prepared by the District with the assistance of the Municipal Advisor, who advised the District and the CFD as to the financial structure and certain other financial matters relating to the 2019 Bonds. The information set forth herein has been obtained by the District from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the 2019 Bonds.

Continuing Disclosure

The District has agreed in a Continuing Disclosure Agreement to provide certain annual financial information (the “Annual Reports”) and notices of the occurrence of certain enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the “Rule”) by not later than March 1 in each year commencing March 1, 2020. DTA will act as dissemination agent (the “Dissemination Agent”) under the Continuing Disclosure Agreement. The specific nature of the information to be contained in the annual report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Continuing Disclosure Agreement in “APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT.”

It is expected that the Dissemination Agent will prepare and file the Annual Report and any notices of enumerated events as required by the Continuing Disclosure Agreement on behalf of the District and the CFD.

The District has a continuing disclosure obligation related to the 2017 Bonds. A review of the District’s compliance with its previous continuing disclosure undertaking was conducted and it was found that, since the issuance of the 2017 Bonds, the District has not failed to comply in all material respects with their prior continuing disclosure undertaking.

Execution

The execution of this Official Statement by the General Manager has been duly authorized by the District.

CASITAS MUNICIPAL WATER DISTRICT, for and on behalf
of CASITAS MUNICIPAL WATER DISTRICT COMMUNITY
FACILITIES DISTRICT NO. 2013-1 (OJAI)

By: /s/ Michael Flood
General Manager

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APPENDIX A

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement, as amended. This summary does not purport to be comprehensive or definitive and is subject to all of the complete terms and provisions of the Fiscal Agent Agreement as amended, to which reference is hereby made.

Definitions

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the California Government Code.

“Administrative Expenses” means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the District in carrying out its duties under the Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the lien in respect of any delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of District staff related thereto and a proportionate amount of District general administrative overhead related thereto, any amounts paid by the District from its general funds pursuant to the rebate provisions of the Agreement, any amounts paid or payable to any persons or entities employed by the District in connection with the discharge of any of the District’s obligations under the Agreement (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States), and all other costs and expenses of the District or the Fiscal Agent incurred in connection with the discharge of their respective duties under the Agreement or in connection with the Bonds and, in the case of the District, in any way related to the administration of the Bonds or the CFD (including, but not limited to, administrative costs and expenses of the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

“Administrative Expense Fund” means the fund by that name established by the Agreement.

“Agreement” means the Fiscal Agent Agreement, as supplemented and amended by Supplemental Agreement No. 1 to Fiscal Agent Agreement, and as it may be further amended or supplemented from time to time by any other Supplemental Agreement adopted pursuant to the provisions of the Agreement.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year, including any mandatory sinking payment so due.

“Auditor” means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

“Authorized Officer” means the President, the General Manager, the Chief Financial Officer, the Clerk of the Board, or any other officer or employee authorized by the Board of Directors of the District or by an Authorized Officer to undertake the action referenced in the Agreement as required to be undertaken by an Authorized Officer.

“BAM” means Build America Mutual Assurance Company, or any successor thereto or assignee to the Agreement, as the issuer of the 2017 Insurance Policy, the 2017 Reserve Policy, the 2019 Insurance Policy and the 2019 Reserve Policy.

“Bond Counsel” means any attorney or other firm of attorneys acceptable to the District and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established by the Agreement.

“Bond Year” means the one-year period beginning on September 2 in each year and ending on September 1st in the following year, both dates inclusive, except that the first Bond Year for the 2019 Bonds shall begin on the Closing Date and end on September 1, 2020.

“Bonds” means, collectively, the 2017 Bonds, the 2019 Bonds and, if the context requires, any additional Parity Bonds, at any time Outstanding under the Agreement or any Supplemental Agreement.

“Business Day” means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its corporate trust office are authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

“CFD” means the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI), formed pursuant to the Act and the Resolution of Formation.

“Closing Date” means, with respect to the 2019 Bonds, the date upon which there is a physical delivery of the 2019 Bonds in exchange for the amount representing the purchase price of the 2019 Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2017 Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2017 Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Agreement” means, so long as the 2019 Bond have not been fully defeased or paid in full, the Continuing Disclosure Agreement, between by the District and DTA as the Dissemination Agent, dated as of November 1, 2019, as originally executed and as it may be amended from time to time in accordance with its terms.

“County” means Ventura County, California.

“Credit Facility” means (i) the 2019 Reserve Policy or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent pursuant to the Agreement, provided that all of the following requirements are met by the District at the time of delivery of the Agreement to the Fiscal Agent: (a) the long-term credit rating of such bank or insurance company is “A” (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the 2019 Reserve Requirement with respect to which funds are proposed to be released pursuant to the Agreement; (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments on the 2019 Bonds required pursuant to the Agreement; and (e) prior written notice is given to BAM before the effective date of any such Credit Facility.

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

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository” means (i) initially, DTC, and (ii) any other Securities Depository acting as Depository pursuant to the Agreement.

“District” means the Casitas Municipal Water District.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as “stripped” obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

“Fiscal Agent” means the Fiscal Agent appointed by the District and acting as an independent fiscal agent with the duties and powers provided in the Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Agreement.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“General Manager” means the General Manager of the District, or such other person who performs the duties of the chief financial officer of the District.

“Improvement Fund” means that fund by that name established by the Agreement.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the District, and who, or each of whom: (i) is judged by the General Manager to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the District; (iii) does not have any substantial interest, direct or indirect, with or

in the District, or any owner of real property in the CFD, or any real property in the CFD; and (iv) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, (at <http://emma.msrb.org>); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the District may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Interest Payment Date” means, with respect to the 2019 Bonds, March 1 and September 1 of each year, commencing March 1, 2020.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the 2019 Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Maximum Annual Debt Service” means the largest Annual Debt Service for the 2019 Bonds for any Bond Year after the calculation is made through the final scheduled maturity date for any Outstanding 2019 Bonds.

“Minimum Administrative Expense Requirement” means (a) for Fiscal Year 2017-2018, \$50,000; and (b) for each Fiscal Year after Fiscal Year 2017-2018, an amount equal to 102% of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

“Moody’s Investors Service” means Moody’s Investors Service, New York, New York, or its successors.

“Officer’s Certificate” means a written certificate of the District signed by an Authorized Officer of the District.

“Ordinance” means Ordinance No. 13-01, adopted by the Board of Directors on November 27, 2013, and any other ordinance of the District amending or supplementing said Ordinance, or otherwise providing for the levy of the Special Taxes.

“Original Purchaser” means, with respect to the 2019 Bonds, the first purchaser of the 2019 Bonds from the District, being Piper Jaffray & Co.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District pursuant to the Agreement or any Supplemental Agreement.

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

“Parity Bonds” means bonds issued by the District for the CFD payable and secured on a parity with any then Outstanding Bonds, pursuant to the Agreement.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value and are otherwise legal investments for funds of the District:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State of California (the “State”), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody’s Investors Service or S&P Global Ratings, and which have a maximum term to maturity not to exceed three years.

(c) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, or a state or federal savings and loan association which may include the Fiscal Agent and its affiliates; provided, that the certificates of deposit shall be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation, and/or continuously and fully secured by securities described in subdivision (a) or (b) of the definition of Permitted Investments which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than 102 percent of the principal amount of the certificates on deposit.

(d) Commercial paper which at the time of purchase is of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody’s Investors Service or S&P Global Ratings, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an “A” or higher rating for the issuer’s debentures, other than commercial paper, by either Moody’s Investors Service or S&P Global Ratings, provided that purchases of eligible commercial paper may not exceed 180 days’ maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to the definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of the definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated “Aa2” and “AA” or better, respectively, by Moody’s Investors Service and S&P Global Ratings at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five business days after the

financial institution's long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody's Investors Service or S&P Global Ratings from the practice of rating that debt, or reduced below "AA-" by S&P Global Ratings or below "Aa3" by Moody's Investors Service (these events are called "rating downgrades") the financial institution shall give notice to the District and, within the five-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the District or the Fiscal Agent to the District or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of the definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, (2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A3" by Moody's Investors Service or below "A-" by S&P Global Ratings, the Fiscal Agent or the District may, upon not more than five business days' written notice to the financial institution, withdraw all funds invested under the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(g) The Local Agency Investment Fund of the State of California.

(h) Investments in a money market fund rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's Investors Service or S&P Global Ratings, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Fiscal Agent or an affiliate of the Fiscal Agent receives fees from funds for services rendered, (ii) the Fiscal Agent collects fees for services rendered pursuant to the Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent.

(i) Any other lawful investment for District funds.

"Principal Office" means the corporate trust office of the Fiscal Agent as identified in the Agreement; provided, however, for the purpose of maintenance of the Registration Books and surrender of Bonds for payment, transfer or exchange such term means the office at which the Fiscal Agent conducts its corporate trust agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the facilities eligible to be funded by the CFD, as specified in the Resolution of Formation.

"Rate and Method of Apportionment" means the Rate and Method of Apportionment of Special Tax for the CFD, approved by proceedings conducted pursuant to the Resolution of Formation, and as it may be altered or amended from time to time in accordance with the provisions of the Act.

"Rating Category" means one of the two highest rating categories then in effect under the rating systems of Moody's Investors Service or S&P Global Ratings, without regard to plus or minus sign or numerical or other qualifying designation.

"Record Date" means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

“Refunding Bonds” means bonds issued by the District for the CFD the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

“Reserve Fund” means the fund by that name established pursuant to the Agreement with respect to the 2017 Bonds.

“Reserve Requirement” means, with respect to the 2017 Bonds, as of any date of calculation, 75% of the lesser of (i) 10% of the par amount of the 2017 Series B Bonds; (ii) Maximum Annual Debt Service on the 2017 Series B Bonds; or (iii) 125% of average Annual Debt Service on the 2017 Series B Bonds, as determined by the District. “Reserve Requirement” means, with respect to any Parity Bonds, the amount determined at the time of issuance of the respective Parity Bonds.

“Resolution of Formation” means Resolution 13-12, adopted by the Board of Directors of the District on March 13, 2013.

“S&P Global Ratings” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, New York, New York, or its successors.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 1SL, New York, New York 10041-0099 Attention: Call Notification Department, Fax (212) 855-3274; 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 an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax Consultant” means any independent consultant retained by the District for the purpose of computing the Special Tax Revenues.

“Special Tax Fund” means the fund by that name established by the Agreement.

“Special Tax Prepayments” means the proceeds of any prepayments of Special Taxes received by the District, as calculated pursuant to the Rate and Method of Apportionment, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name within the Bond Fund established by the Agreement.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the District, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but shall not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds.

“Special Taxes” means the special taxes levied on property within the CFD pursuant to the Act, the Ordinance and the Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the District under the Act and which agreement is amendatory of or supplemental to the Agreement, but only if and to the extent that such agreement is specifically authorized under the Agreement.

“2017 Bonds” means, collectively, the 2017 Series A Bonds and the 2017 Series B Bonds.

“2017 Insured Bonds” means the 2017 Series B Bonds maturing September 1, 2024 through and including September 1, 2047.

“2017 Insurance Policy” means the municipal bond insurance policy delivered by BAM guaranteeing the principal of and interest on the 2017 Insured Bonds when due.

“2017 Reserve Policy” means the municipal bond debt service reserve insurance policy issued by BAM, as Policy Number 2017B0287 in the stated amount of \$2,624,671.88, deposited into the Reserve Fund relating to the 2017 Bonds.

“2017 Series A Bonds” means the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series A, at any time Outstanding under the Agreement.

“2017 Series B Bonds” means the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series B at any time Outstanding under the Agreement.

“2019 Account of the Improvement Fund” means the account by that name within the Improvement Fund established by the Agreement.

“2019 Bonds” means the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2019 Special Tax Bonds, at any time Outstanding under the Agreement.

“2019 Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the District and related to the authorization, sale and issuance of the 2019 Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent expenses incurred by the District in connection with the issuance of the 2019 Bonds, municipal advisor and special tax consultant fees and expenses, premiums for the 2019 Insurance Policy and the 2019 Reserve Policy, bond (underwriter’s) discount, legal fees and charges, including bond counsel, charges for execution, transportation and safekeeping of the 2019 Bonds and other costs, charges and fees in connection with the foregoing.

“2019 Cost of Issuance Fund” means the fund by that name established by the Agreement.

“2019 Insurance Policy” means the municipal bond insurance policy delivered by BAM guaranteeing the scheduled payment of principal of and interest on the 2019 Insured Bonds when due.

“2019 Insured Bonds” means the 2019 Bonds maturing September 1, 2026 through and including September 1, 2047.

“2019 Reserve Fund” means the fund by that name established pursuant to the Agreement.

“2019 Reserve Policy” means the municipal bond debt service reserve insurance policy issued by BAM guaranteeing certain payments into the 2019 Reserve Fund with respect to the 2019 Bonds as provided therein and subject to the limitations set forth therein.

“2019 Reserve Requirement” means, with respect to the 2019 Bonds, as of any date of calculation, 75% of the lesser of (i) 10% of the par amount of the 2019 Bonds; (ii) Maximum Annual Debt Service on the 2019 Bonds; or (iii) 125% of average Annual Debt Service on the 2019 Bonds, as determined by the District. “Reserve Requirement” means, with respect to any Parity Bonds, the amount determined at the time of issuance of the respective Parity Bonds.

Parity Bonds

The 2019 Bonds and the 2017 Series B Bonds are secured on parity with each other under the Agreement. The District may issue one or more series of additional Parity Bonds, in addition to the 2017

Series B Bonds and the 2019 Bonds authorized under the Agreement, by means of a Supplemental Agreement and without the consent of any Bondowners, upon compliance with the provisions of the Agreement. Such Parity Bonds shall constitute Bonds thereunder and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds thereunder on a parity with all other Bonds Outstanding thereunder. The District may issue the Parity Bonds subject to the following specific conditions precedent:

- (A) Current Compliance. The District shall be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in the Agreement and all Supplemental Agreements, and, except with respect to Parity Bonds that are Refunding Bonds, the principal amount of the Parity Bonds shall not cause the District to exceed the maximum authorized indebtedness of the CFD under the provisions of the Act.
- (B) Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).
- (C) Funds and Accounts; Reserve Fund. The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, including a separate reserve fund to be funded in an amount determined by the District at the time of issuance of the respective Parity Bonds, which reserve fund shall secure only the repayment of the Parity Bonds.
- (D) Maximum Special Taxes. The District shall certify that the Maximum Special Taxes to be levied in every year, less the Minimum Administrative Expense Requirement for such year, are at least equal to 110% of the debt service payable on the Outstanding amount of the Bonds and the Parity Bonds to be issued in every such year.
- (E) Officer's Certificate. The District shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C) and (D) above have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Special Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

Nothing in the Agreement prohibits the District from issuing bonds for the CFD or otherwise incurring debt for the CFD secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under the Agreement.

Pledge of Special Tax Revenues

The Bonds shall be secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be deposited to the Administrative Expense Fund pursuant the Agreement) and all moneys deposited in the Bond Fund, the Special Tax Prepayments Account, and, until disbursed as provided herein, in the Special Tax Fund. The 2019 Bonds are further secured by a first and exclusive lien on amounts in the 2019 Reserve Fund. Such Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Agreement) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds (and, with respect to the Reserve Fund, the 2017 Bonds and, with respect to the 2019 Reserve Fund, the 2019 Bonds) as provided in the Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the Agreement.

Amounts in the Administrative Expense Fund, the 2019 Costs of Issuance Fund and the Improvement Fund, and the Special Tax Revenues to be deposited to the Administrative Expense Fund pursuant to the Agreement, are not pledged to the repayment of the Bonds. Amounts in the Reserve Fund are not pledged as security for the 2019 Bonds. The facilities financed by the CFD are not in any way pledged to pay the debt service on the Bonds. Any proceeds of the sale, condemnation or destruction of any facilities financed by the CFD are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Agreement.

Funds and Accounts

Improvement Fund. The Agreement establishes the Improvement Fund and within said fund a 2019 Account to the credit of which a deposit shall be made as required by the Agreement. Moneys in the 2019 Account of the Improvement Fund shall be held by the Fiscal Agent for the benefit of the District and disbursed for the payment or reimbursement of costs of the Project.

Disbursements from the 2019 Account of the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and certify that the disbursement is for amounts owing by the District or otherwise for a purpose eligible to be funded with the amount to be so disbursed, and in any event that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursement.

Interest earnings and profits from the investment of amounts in the 2019 Account of the Improvement Fund shall be retained in the 2019 Improvement Fund and be used for the purposes thereof.

Upon the filing of an Officer's Certificate stating that the portions of the Project to be financed and any other expenses to be paid from the 2019 Account of the Improvement Fund have been completed and paid, respectively, the Fiscal Agent shall transfer the amount, if any, remaining in the 2019 Account of the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with the Agreement, and the 2019 Account of the Improvement Fund shall be closed.

2019 Costs of Issuance Fund. The Agreement establishes the 2019 Costs of Issuance Fund, to the credit of which a deposit shall be made as required by the Agreement. Moneys in the 2019 Costs of Issuance Fund shall be held by the Fiscal Agent, are not pledged as security for the Bonds, and shall be disbursed from time to time to pay 2019 Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the 2019 Bonds.

The Fiscal Agent shall pay all 2019 Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer's Certificate requesting payment of a 2019 Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. The Fiscal Agent shall maintain the 2019 Cost of Issuance Fund for a period of 90 days from the Closing Date and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the General Manager for deposit by the General Manager in the Administrative Expense Fund.

2019 Reserve Fund. The Agreement establishes the 2019 Reserve Fund. On the Closing Date there shall be held for the benefit of the 2019 Reserve Fund, the 2019 Reserve Policy in an amount equal to the initial 2019 Reserve Requirement. The 2019 Reserve Policy and any funds in the 2019 Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the 2019 Bonds as a reserve for the payment of principal of, and interest and any premium on, the 2019 Bonds and shall be subject to a lien in favor of the Owners of the 2019 Bonds.

Except as otherwise described below, all amounts in the 2019 Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2019 Bonds or for the purpose of redeeming 2019 Bonds from the Bond Fund. If at any time funds are withdrawn by the Fiscal Agent from the 2019 Reserve Fund for transfer to the Bond Fund due to a deficiency in the amount in the Bond Fund needed to pay debt service due on the 2019, the Fiscal Agent shall notify the General Manager of the date of withdrawal and the amount so withdrawn.

Whenever, on the Business Day before any Interest Payment Date, or on any other date at the request of an Authorized Officer, funds, if any, in the 2019 Reserve Fund exceeds the 2019 Reserve Requirement, the Fiscal Agent shall provide written notice to the District of the amount of the excess and shall transfer an amount equal to the excess from the 2019 Reserve Fund to the Bond Fund to be used for the payment of interest on the 2019 Bonds on the next Interest Payment Date in accordance with the Agreement.

Whenever the funds, if any, in the 2019 Reserve Fund equal or exceed the amount required to redeem or pay all of the Outstanding 2019 Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall transfer the amount in the 2019 Reserve Fund to the Bond Fund to be used for the payment and redemption of all of the Outstanding 2019 Bonds. In the event that the amount then on deposit in the 2019 Reserve Fund exceeds the amount required to pay and redeem the Outstanding 2019 Bonds, the balance in the 2019 Reserve Fund in excess of the amount needed for such payment and redemption shall be transferred by the Fiscal Agent to the General Manager, to be retained by the District to be used by the District for any lawful purpose under the Act.

Whenever Special Taxes are prepaid and 2019 Bonds are to be redeemed with the proceeds of such prepayment, a proportionate amount in the 2019 Reserve Fund (determined in accordance with the applicable provisions of the Rate and Method of Apportionment and communicated by the General Manager to the Fiscal Agent) shall be transferred not later than the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2019 Bonds.

2019 Reserve Policy. In lieu of a cash deposit to the 2019 Reserve Fund, the 2019 Reserve Policy shall be delivered to the Fiscal Agent on the Closing Date for the 2019 Bonds, and shall be held by the Fiscal Agent for the credit of the 2019 Reserve Fund solely for the benefit of the 2019 Bonds.

If, on the third Business Day prior to any Interest Payment Date, the moneys available in the Bond Fund do not equal the amount of the principal and interest on the 2019 Bonds then coming due and payable, the Fiscal Agent shall first apply any moneys available in the 2019 Reserve Fund to make delinquent amounts with respect to the 2019 Bonds by transferring the amount necessary for this purpose to the Bond Fund, and then shall draw on the 2019 Reserve Policy to the extent an insufficiency still exists and apply amounts received from such draw to pay delinquent amounts due on the 2019 Bonds by transferring the amount necessary for this purpose to the Bond Fund. To the extent there is cash or investments on deposit in the 2019 Reserve Fund, such cash or investments shall be applied first before there is any draw on the 2019 Reserve Policy or any other Credit Facility credited to the 2019 Reserve Fund in lieu of cash. Payment of any amounts owing to BAM shall be made prior to replenishment of any such cash amounts.

Draws on all Credit Facilities (including the 2019 Reserve Policy) on which there is available coverage for the 2019 Bonds shall be made on a pro rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2019 Reserve Fund. Payment of amounts owed by the District to BAM as necessary to reimburse any draw on the 2019 Reserve Policy and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the 2019 Reserve Fund.

The Fiscal Agent shall ascertain the necessity for a claim upon the 2019 Reserve Policy, and provide notice to BAM in accordance with the terms of the 2019 Reserve Policy at least three (3) Business Days prior to each date upon which interest or principal is due on the 2019 Bonds.

The District has no obligation to replace the 2019 Reserve Policy or to fund the 2019 Reserve Fund with cash if, at any time the 2019 Bonds are outstanding, amounts are unavailable under the 2019 Reserve Policy.

The District agrees to repay any draws under the 2019 Reserve Policy and pay all related reasonable expenses incurred by BAM as provided in the Agreement.

Bond Fund and Special Tax Prepayments Account. The Agreement established the Bond Fund, and within the Bond Fund a separate Special Tax Prepayments Account, held by the Fiscal Agent.

Moneys in the Bond Fund and the Special Tax Prepayments Account shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided in the Agreement, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

On each Interest Payment Date or date on which Bonds are to be redeemed, and following any transfers required by the Agreement from the Reserve Fund and the 2019 Reserve Fund in connection with said Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer of amounts collected in respect of delinquent Special Taxes shall be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph, the Fiscal Agent shall notify the General Manager of the amount of the insufficiency, and the Fiscal Agent shall (i) withdraw from the Reserve Fund to the extent of any funds therein, and then make a draw on the 2017 Reserve Policy an amount to cover the amount of such Bond Fund insufficiency with respect to the 2017 Bonds, and (ii) withdraw from the 2019 Reserve Fund to the extent of any funds therein, and then make a draw on the 2019 Reserve Policy an amount to cover the amount of such Bond Fund deficiency with respect to the 2019 Bonds. Amounts so withdrawn from the Reserve Fund or the 2019 Reserve Fund shall be deposited by the Fiscal Agent in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments described in the first sentence of the second preceding paragraph, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the third Business Day prior to the next date for which notice of redemption of Bonds pro rata among series under the Agreement can timely be given by the Fiscal Agent, and shall be used to redeem Bonds on the redemption date selected in accordance with the Agreement.

Interest earnings and profits resulting from investment of amounts in the Bond Fund and the Special Tax Prepayments Account shall be retained in the Bond Fund and the Special Tax Prepayments Account, respectively, to be used for the purposes of such fund and account.

If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, notice shall be provided to CDIAC by the General Manager as described in the Agreement.

Special Tax Fund. The Agreement established the Special Tax Fund to be held by the General Manager, to the credit of which the District shall deposit, as soon as practicable following receipt, all Special Tax Revenues received by the District and any amounts required by the Agreement to be deposited therein.

Notwithstanding the foregoing,

(i) the first Special Tax Revenues collected by the District in any Fiscal Year, in an amount equal to the portion of such Fiscal Year's Special Tax levy for Administrative Expenses (but not to exceed, in any Fiscal Year, the Minimum Administrative Expense Requirement), shall be deposited by the General Manager in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the General Manager and shall be disposed of by the General Manager first, for transfer to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund to pay any past due debt service on the Bonds; second for transfer to the Fiscal Agent (a) to pay, pro rata, any Policy Costs and any 2019 Policy Costs, and (b) for deposit, pro rata, by the Fiscal Agent in the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund (taking into account the 2017 Reserve Policy) up to the then Reserve Requirement, and in the 2019 Reserve Fund to the extent needed to increase the amount then on deposit in the 2019 Reserve Account (taking into account the 2019 Reserve Policy) up to the then 2019 Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in the second following paragraph below; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the General Manager and shall be remitted by the General Manager to the Fiscal Agent and deposited by the Fiscal Agent as follows (as directed in writing by the General Manager): (a) that portion of any Special Tax Prepayment constituting the Future Facilities Costs (as defined in Section H of the Rate and Method of Apportionment) shall be deposited by the Fiscal Agent pro rata to 2017 Improvement Fund so long as the 2017 Improvement Fund has not theretofore been closed pursuant to the Agreement and to the 2019 Improvement Fund so long as the 2019 Improvement Fund has not theretofore been closed pursuant to the Agreement, and if such funds have been closed, then such amount shall be retained by the District to be used to pay Project costs; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Agreement.

Moneys in the Special Tax Fund shall be held by the General Manager for the benefit of the District and the Owners of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

From time to time as needed to pay the obligations of the CFD, but no later than the third Business Day before each Interest Payment Date, the General Manager shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Special Tax Fund, the Reserve Fund and the 2019 Reserve Fund to the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date, and (ii) to the Fiscal Agent pro rata (a) in respect of the Reserve Fund and the 2019 Reserve Fund an amount (X) sufficient to pay any Policy Costs and 2019 Policy Costs then due and owing, and (Y) taking into account amounts then on deposit in the Reserve Fund and the 2019 Reserve Fund, such that the balance on deposit or credited to the Reserve Fund and the 2019 Reserve Fund, respectively, is equal to the Reserve Requirement and the 2019 Reserve Requirement, as

applicable, and (b) to any reserve fund established for Parity Bonds an amount, taking into account amounts then on deposit in any such reserve fund, such that the amount in such reserve fund is equal to any reserve requirement for such Parity Bonds; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund, the Reserve Fund and the 2019 Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the General Manager may transfer to the Administrative Expense Fund, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund, the Reserve Fund and the 2019 Reserve Fund, if monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

Administrative Expense Fund. The Agreement established the Administrative Expense Fund as a separate fund to be held by the General Manager, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund shall be held by the General Manager for the benefit of the District, are not pledged as security for the Bonds, and shall be disbursed as described below.

Amounts in the Administrative Expense Fund shall be withdrawn by the General Manager and paid to the District or its order upon receipt by the General Manager of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense.

Annually, on the last day of each Fiscal Year, the General Manager shall withdraw any amounts then remaining in the Administrative Expense Fund in excess of \$10,000 that have not been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax

Covenants of the District

Punctual Payment.

The District will punctually pay or cause to be paid the principal of and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Agreement and all Supplemental Agreements of the Bonds.

Limited Obligation.

The Bonds are limited obligations of the District on behalf of the CFD secured by and payable solely from the amounts and in the manner described the Agreement.

Extension of Time for Payment.

In order to prevent any accumulation of claims for interest after maturity, the District shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default under the Agreement, to the benefits of the Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances.

The District will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien created for the benefit of the Bonds, except as permitted by the Agreement.

Books and Records.

The District will keep, or cause to be kept, proper books of record and accounts, 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 deposits to and expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund, and to the Special Tax Revenues. Such books of record and accounts shall at all times during District business hours and following reasonable prior written notice be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Protection of Security and Rights of Owners.

The District will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.

Compliance with Law.

The District will comply with all applicable provisions of the Act in administering the CFD; provided that the District shall have no obligation to advance any of its own funds for any purpose whatsoever under the Agreement.

Private Activity Bond Limitation.

The District shall assure that the proceeds of the 2019 Bonds are not so used as to cause the 2019 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.

Federal Guarantee Prohibition.

The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2019 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Collection of Special Tax Revenues.

The District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or about July 1 of each year, the Fiscal Agent shall provide the General Manager with a notice stating the amounts then on deposit in the Reserve Fund and in the Bond Fund. The receipt of such notice by the General Manager shall in no way affect the obligations of the General Manager under the following three paragraphs. Also on or about July 1 of each year, the General Manager shall communicate with the Auditor or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. In computing the amount of Special Taxes to be levied, the General Manager shall take into account funds in the Bond Fund and the Special Tax Fund, and any amounts then in the Reserve Fund in excess of the Reserve Requirement, available to make the payment of debt service on the Bonds due on the Interest Payment Dates occurring in the next calendar year.

The General Manager shall effect the levy of the Special Taxes from time to time during each Fiscal Year in accordance with the Ordinance and the Rate and Method of Apportionment. Specifically, the General Manager shall compute the amount of Special Taxes to be so levied each Fiscal Year before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the CFD for inclusion on the next secured or unsecured, as applicable, real property tax roll. Upon the completion of the computation of the amounts of the levy, the General Manager shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll. The Special Taxes so levied shall be payable and be collected in the same manner and at the same time and in the same installment as the ad valorem taxes on property levied on the tax roll are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general ad valorem taxes levied on the County secured tax roll.

In the event that the General Manager determines to levy all or a portion of the Special Taxes by means of direct billing of the property owners within the CFD, and to the extent permitted by the Ordinance, the General Manager shall, not less than forty-five (45) days prior to each Interest Payment Date, send bills to the property owners in the CFD for Special Taxes necessary to meet the financial obligations of the CFD due on the next Interest Payment Date said bills to specify that the amounts so levied shall be due and payable not less than thirty (30) days prior to such Interest Payment Date and shall be delinquent if not paid when due.

In any event, the District shall fix and levy the amount of Special Taxes within the CFD required for the timely payment of principal of and interest on any outstanding Bonds becoming due and payable, including any necessary replenishment or expenditure of the Reserve Fund for the 2017 Bonds or the 2019 Reserve Fund for the 2019 Bonds (including payment of any amounts due to BAM in respect of the 2017 Reserve Policy or the 2019 Reserve Policy) and any reserve fund established for any Parity Bonds and an amount estimated to be sufficient to pay the Administrative Expenses, and shall take into account any prepayments of Special Taxes theretofore received by the District. The Special Taxes so levied shall not exceed the maximum amounts as provided in the Rate and Method of Apportionment.

The General Manager is authorized to employ consultants to assist in computing the levy of the Special Taxes and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the General Manager (including a charge for District staff time) in conducting its duties shall be an Administrative Expense.

Further Assurances.

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

No Arbitrage.

The District shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2019 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2019 Bonds would have caused the 2019 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax-Exemption.

The District shall take all actions necessary to assure the exclusion of interest on the 2019 Bonds from the gross income of the owners of the 2019 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2019 Bonds.

Covenant to Foreclose.

The District has covenanted, with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced and diligently pursue to completion, judicial foreclosure proceedings against (i) properties in the District with three delinquent installments of the payment of Special Taxes no later than the sixth month following the date on such third installment of such Special Taxes were due, subject to a minimum of \$2,500 in delinquent Special Taxes; and (ii) all properties in the District with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied, providing, however, the District shall not be required to order and cause judicial foreclosure proceedings to be commenced against particular delinquent properties if the District determines that the cost of pursuing such foreclosure is greater than the outstanding delinquency.

The General Manager is authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for District staff time) in conducting foreclosure proceedings shall be an Administrative Expense.

No Additional Bonds.

Except as expressly permitted by the Agreement, the District shall not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under the Agreement; or (B) any amounts in any funds or accounts established thereunder.

Yield of the 2019 Bonds.

In determining the yield of the 2019 Bonds to comply with certain provisions of the Agreement, the District will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the District, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2019 Bonds, without regard to whether or not prepayments are received or 2019 Bonds redeemed.

Continuing Disclosure.

The District covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Agreement, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered a default on the Bonds or a breach of any other provision of the Agreement.

Reduction of Special Taxes.

The District has covenanted and agreed to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the CFD on Developed Property (as defined in the Rate and Method of Apportionment) below an amount, for any Bond Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Bond Year, plus a reasonable estimate of Administrative Expenses for each such Bond Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

State Reporting Requirements.

The following requirements shall apply to the 2019 Bonds:

- (A) Annual Reporting. In addition to any similar annual reporting to CDIAC required for the 2017 Bonds, not later than October 30 of each calendar year, beginning with the October 30, 2020, and in each calendar year thereafter until the October 30 following the final maturity of the

2019 Bonds, the General Manager shall cause the following information to be supplied to CDIAC: (i) the name of the District; (ii) the full name of the CFD; (iii) the name, title, and series of the 2019 Bond issue; (iv) any credit rating for the 2019 Bonds and the name of the rating agency; (v) the Closing Date of the 2019 Bond and the original principal amount of the 2019 Bonds; (vi) the amount of the 2019 Reserve Requirement; (vii) the principal amount of 2019 Bonds outstanding; (viii) the balance in the 2019 Reserve Fund and the balance in any reserve fund for any Parity Bonds including the 2017 Series B Bonds; (ix) the balance, if any, in the Bond Fund representing capitalized interest for the 2019 Bonds; (x) the number of parcels in the CFD that are delinquent with respect to Special Tax payments, the amount that each parcel is delinquent, the total amount of Special Taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified; (xi) the balance, if any, in the 2019 Account of the Improvement Fund; (xii) the assessed value of all parcels subject to the Special Tax to repay the 2019 Bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information; (xiii) the total amount of Special Taxes due, the total amount of unpaid Special Taxes, and whether or not the Special Taxes are paid under the County's Teeter Plan (Chapter 6.6 (commencing with Section 54773) of the California Government Code); (xiv) the reason and the date, if applicable, that the 2019 Bonds were retired; and (xv) contact information for the party providing the foregoing information. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. In addition to any similar reporting to CDIAC required for the 2017 Bonds, if at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the 2019 Bonds, or if funds are withdrawn by the Fiscal Agent from the 2019 Reserve Fund for transfer to the Fiscal Agent to be used to pay principal and interest on the 2019 Bonds, the General Manager shall notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or withdrawal, and the General Manager shall provide notice under the Continuing Disclosure Agreement of any such event as required thereunder.

(C) Special Tax Reporting. In addition to any similar reporting required for the 2017 Bonds, the General Manager shall file a report with the District no later than January 1, 2020, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the CFD, (ii) the amount of 2019 Bond proceeds collected and expended with respect to the CFD, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund, the Bond Fund, the Reserve Fund, the 2019 Reserve Fund, the Special Tax Prepayments Account and the Administrative Expense Fund are the accounts into which Special Taxes collected in the CFD will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the 2019 Improvement Fund is the fund into which 2019 Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3 and 53411 of the California Government Code.

(D) State Controller Reporting. No later than January 31 of each calendar year, commencing January 31, 2020, the District agrees to provide to the California State Controller, Division of Accounting and Reporting, the annual reporting information required by Section 12463.2 of the California Government Code.

(E) Amendment. The reporting requirements of this provision of the Agreement shall be amended from time to time, without action by the District or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the District's

obligations under the Continuing Disclosure Agreement. The District shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under the Agreement.

(F) No Liability. None of the District and its officers, agents and employees (including but not limited to the General Manager), or the Fiscal Agent, shall be liable for any inadvertent error in reporting the information required by this provision of the Agreement.

The General Manager shall provide copies of any reports prepared pursuant to this provision of the Agreement to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the District to produce such information and pay any postage or other delivery cost to provide the same, as determined by the General Manager. The term "Bondowner" for purposes of this provision of the Agreement shall include any beneficial owner of the Bonds.

Limits on Special Tax Waivers and Bond Tenders.

The District has covenanted not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds. The District has further covenanted not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

District Bid at Foreclosure Sale.

The District will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the CFD and that the Special Taxes levied on the property are payable while the District owns the property.

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE DISTRICT

Deposit and Investment of Moneys in Funds.

Moneys in any fund or account created or established by the Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The Officer's Certificate shall contain a certification to the Fiscal Agent that the investments being directed are Permitted Investments as required under the Agreement. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund into which the funds shall be invested and, if no such Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested.

Moneys in any fund or account created or established by the Agreement and held by the General Manager shall be invested by the General Manager in any lawful investments that the District may make or in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Agreement. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Agreement any moneys are required to be transferred by

the District to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent or the General Manager may act as principal or agent in the acquisition or disposition of any investment, and all investments may be made through the Fiscal Agent's investment department or that of its affiliates. The Fiscal Agent or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. Neither the Fiscal Agent nor the General Manager shall incur any liability for losses arising from any investments made pursuant to this provision of the Agreement.

Except as otherwise provided in the next sentence, the District shall direct or make investments such that all investments of amounts deposited in any fund or account created by or pursuant to the Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Agreement or the Code) at Fair Market Value. The District shall direct or make investments such that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund and the 2019 Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (A) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (B) the investment directions of the District.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the General Manager, provided that the Fiscal Agent or the General Manager thereunder, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Agreement.

The Fiscal Agent shall sell, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the General Manager shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Agreement.

Rebate of Excess Investment Earnings to the United States.

The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2019 Bonds.

The Fiscal Agent may rely conclusively upon the District's determinations, calculations and certifications required by the Agreement. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the District's calculations.

Liability of District.

The District shall not incur any responsibility in respect of the Bonds or the Agreement other than in connection with the duties or obligations explicitly therein or in the Bonds assigned to or imposed upon it. The District shall not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The District shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the District, including the General Manager, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the District and conforming to the requirements of the Agreement. The District, including the General Manager, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Agreement shall require the District to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The District may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The District may consult with counsel, who may be the District Counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Agreement in good faith and in accordance therewith.

The District shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under the Agreement the District shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Agreement, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the District, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent or other appropriate agent or consultant, and such certificate shall be full warrant to the District for any action taken or suffered under the provisions of the Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the District may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

THE FISCAL AGENT

Appointment of Fiscal Agent.

U.S. Bank National Association, at its corporate trust office in Los Angeles, California is appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in the Agreement, and no implied covenants or obligations shall be read into the Agreement against the Fiscal Agent.

Any company or association into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company or association shall be eligible as described in the following paragraph, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the General Manager written notice of any such succession under the Agreement.

The District may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, association or trust company having 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, 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 the

Agreement, combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent shall be vested with all rights and powers of its predecessor under the Agreement without any further act.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the District written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or responsible agency, the Fiscal Agent is rendered unable to perform its duties under the Agreement, all such duties and all of the rights and powers of the Fiscal Agent under the Agreement shall be assumed by and vest in the General Manager for the benefit of the Owners. The District covenants for the direct benefit of the Owners that its General Manager in such case shall be vested with all of the rights and powers of the Fiscal Agent under the Agreement, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent under the Agreement, in trust for the benefit of the Owners of the Bonds. In such event, the General Manager may designate a successor Fiscal Agent qualified to act as Fiscal Agent under the Agreement.

Liability of Fiscal Agent.

The recitals of facts, covenants and agreements in the Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished by the District to the Fiscal Agent and conforming to the requirements of the Agreement; but in the case of any such certificates or opinions by which any provision of the Agreement are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Agreement on their face. Except as described above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Agreement, upon any resolution, order, notice, request, requisition, Officer's Certificate, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of the Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Agreement, or in the exercise of any of its rights or powers.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Agreement at the request or direction of any of the Owners pursuant to the Agreement.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Agreement, or as to the correctness of any amounts received, and its liability shall be limited to the proper accounting for such funds as it shall actually receive.

In order to perform its duties and obligations under the Agreement, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable.

The Fiscal Agent shall not be considered in breach of or in default in its obligations under the Agreement or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of god or of the public enemy or terrorists, acts of a government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

Information; Books and Accounts.

The Fiscal Agent shall provide to the District such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent under the Agreement as the District shall reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by the Fiscal Agent relating to the deposit to and expenditure of amounts disbursed from the Bond Fund, the Improvement Fund, the Special Tax Prepayments Account, the Reserve Fund, the 2019 Reserve Fund, the Rebate Fund and the 2019 Costs of Issuance Fund. Such books of record and accounts shall upon reasonable prior notice at all times during business hours be subject to the inspection of the District and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Notice to Fiscal Agent.

The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, requisition, Officer's Certificate, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Agreement in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Agreement, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Compensation, Indemnification.

The District shall pay to the Fiscal Agent from time to time, promptly upon written request, reasonable compensation for all services rendered as Fiscal Agent under the Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under the Agreement. The District further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, reasonable expenses, including reasonable legal fees and expenses, which it may incur in the exercise and performance of its powers and duties under the Agreement which are not due to its negligence or willful misconduct. The obligation of the District described in this paragraph shall survive resignation or removal of the Fiscal Agent under the Agreement and payment of the Bonds and discharge of the Agreement, but any monetary obligation of the District described in this paragraph shall be limited solely to amounts on deposit in the Administrative Expense Fund.

MODIFICATION OR AMENDMENT OF THE AGREEMENT

Amendments Permitted.

The Agreement and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Agreement), or reduce the percentage of Bonds required for the amendment of the Agreement. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Agreement and the rights and obligations of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the District in the Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the District;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the District in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Agreement, or in regard to questions arising under the Agreement, as the District may deem necessary or desirable and not inconsistent with the Agreement, and which shall not materially adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure the exclusion from gross income, for purposes of federal income taxation, of interest on the 2019 Bonds or the 2017 Bonds; and

(E) in connection with the issuance of Parity Bonds pursuant to the Agreement.

The Fiscal Agent may in its discretion, but shall not be obligated to, enter into any such Supplemental Agreement authorized by this provision of the Agreement which materially adversely affects the Fiscal Agent's own rights, duties or immunities under the Agreement or otherwise with respect to the Bonds or any agreements related thereto. The Fiscal Agent may request and shall be fully protected in relying upon, an opinion of Bond Counsel that any proposed Supplemental Agreement complies with the applicable foregoing requirements of the Agreement.

Owners' Meetings.

The District may at any time call a meeting of the Owners. In such event the District is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Procedure for Amendment with Written Consent of Owners.

The District and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of the Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Agreement, to take effect when and as provided in the Agreement. The District or the Fiscal Agent may obtain an opinion of Bond Counsel that such Supplemental Agreement complies with the provisions of the Agreement, and the District and Fiscal Agent may rely conclusively upon such opinion. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as provided in the Agreement.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Agreement) and a notice shall have been mailed as provided in the Agreement. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as provided in the Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice of the Supplemental Agreement provided for in the Agreement (and described below) has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the District shall mail a notice to the Owners in the manner provided in the Agreement for the mailing of the Supplemental Agreement, stating in substance that the Supplemental

Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Agreement (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by the provision of the Agreement to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise specifically provided in the Agreement) upon the District and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Disqualified Bonds.

Bonds owned or held for the account of the District, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds, and shall not be entitled to vote upon, consent to, or take any other action, unless all of the Outstanding Bonds are so owned or held. Upon written request, the District shall specify to the Fiscal Agent in a certificate executed by an Authorized Officer those Bonds disqualified. The Fiscal Agent may conclusively rely upon such certificate of the District.

Effect of Supplemental Agreement.

From and after the time any Supplemental Agreement becomes effective, the Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Agreement of the District and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Agreement subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of the Agreement for any and all purposes.

Endorsement or Replacement of Bonds Issued After Amendments.

The District may determine that Bonds issued and delivered after the effective date of any action taken with respect to a Supplemental Agreement as described above shall bear a notation, by endorsement or otherwise, in form approved by the District, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the District may select and designate for that purpose, a suitable notation shall be made on such Bond. The District may determine that new Bonds, so modified as in the opinion of the District is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Amendatory Endorsement of Bonds.

The provisions of the Agreement shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

MISCELLANEOUS

Benefits of Agreement Limited to Parties.

Nothing in the Agreement, expressed or implied, is intended to give to any person other than the District, the Fiscal Agent, BAM, and the Owners, any right, remedy, claim under or by reason of the

Agreement. Any covenants, stipulations, promises or agreements in the Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners, BAM, and the Fiscal Agent.

Successor is Deemed Included in All References to Predecessor.

Whenever in the Agreement or any Supplemental Agreement either the District or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Agreement contained by or on behalf of the District or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Discharge of Agreement.

The District shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

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

(B) by depositing with the Fiscal Agent, irrevocably, at or before maturity, money which, together with the amounts then on deposit in the Reserve Fund, the 2019 Reserve Fund and the Bond Fund provided for in the Agreement is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent or an escrow agent, irrevocably, cash and Federal Securities defined in clause (i) of the definition thereof in such amount as determined by Bond Counsel or by an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the Reserve Fund, the 2019 Reserve Fund and the Bond Fund, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the District shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the District, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Agreement and all other obligations of the District under the Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligations of the District to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to the Agreement, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the District with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes described in the preceding paragraph, shall be paid over to the District and any Special Taxes thereafter received by the District shall not be remitted to the Fiscal Agent but shall be retained by the District to be used for any purpose permitted under the Act.

Execution of Documents and Proof of Ownership by Owners.

Any request, declaration or other instrument which the Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such 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 in which he purports to act, that the person signing such request, declaration 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.

Except as otherwise expressly provided in the Agreement, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

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

Waiver of Personal Liability.

No Boardmember, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing therein contained shall relieve any such Boardmember, officer, agent or employee from the performance of any official duty provided by law.

Partial Invalidity.

If any Section, paragraph, sentence, clause or phrase of the Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of the Agreement. The District declares in the Agreement that it would have adopted the Agreement and each and every other Section, paragraph, sentence, clause or phrase of the Agreement and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of the Agreement may be held illegal, invalid or unenforceable.

Unclaimed Moneys.

Anything contained in the Agreement to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the District as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the District for such payment shall survive only so long as required under applicable law.

Applicable Law.

The Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Conflict with Act.

In the event of a conflict between any provision of the Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of the Agreement.

Conclusive Evidence of Regularity.

Bonds issued pursuant to the Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to the Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

BOND INSURANCE PROVISIONS RELATING TO 2019 BONDS

Notice and Other Information to be given to BAM.

The District will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of the 2019 Insured Bonds or the Fiscal Agent under the Agreement.

Defeasance.

The investments in any defeasance escrow relating to the 2019 Insured Bonds shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least three (3) Business Days prior to any defeasance with respect to the 2019 Insured Bonds, the District shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Bonds, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be address to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

(A) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion from gross income of the holders of the 2019 Insured Bonds of the interest on the 2019 Insured Bonds for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(B) The District will not exercise any prior optional redemption of 2019 Insured Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a

Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(C) The District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

Fiscal Agent.

(A) BAM shall receive prior written notice of any name change of the Fiscal Agent for the 2019 Insured Bonds or the resignation or removal of the Fiscal Agent. Any Fiscal Agent must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.

(B) No removal, resignation or termination of the Fiscal Agent shall take effect until a successor, meeting the requirements above or acceptable to BAM, shall be qualified and appointed.

Amendments, Supplements and Consents.

BAM's prior written consent is required for all amendments and supplements to the Agreement, with the exceptions noted below. The District shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the 2019 Insured Bonds.

(A) Consent of BAM. Any amendments or supplements to the Agreement shall require the prior written consent of BAM with the exception of amendments or supplements:

(i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

(ii) To grant or confer upon the holders of the 2019 Insured Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the 2019 Insured Bonds, or

(iii) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Agreement, other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the District in the Agreement, other covenants and agreements thereafter to be observed by the District or to surrender any right or power therein reserved to or conferred upon the District,

(v) To issue additional parity debt in accordance with the requirements set forth in the Agreement.

(B) Consent of BAM in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of the Agreement that requires the consent of holders of the 2019 Insured Bonds or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

(C) Insolvency. Any reorganization or liquidation plan with respect to the District must be acceptable to BAM. The Fiscal Agent and each owner of the 2019 Insured Bonds in the Agreement appoint BAM as their agent and attorney-in-fact with respect to the 2019 Insured Bonds and agree that BAM may at any time during the continuation of any proceeding by or against the

District or CFD under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Fiscal Agent and each owner of the 2019 Insured Bonds delegate and assign to BAM in the Agreement, to the fullest extent permitted by law, the rights of the Fiscal Agent and each owner of the 2019 Insured Bonds with respect to the 2019 Insured Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(D) Control by BAM Upon Default. Anything in the Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the 2019 Insured Bonds or the Fiscal Agent for the benefit of the holders of the 2019 Insured Bonds under the Agreement. No default or event of default may be waived without BAM’s written consent.

(E) BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the 2019 Insured Bonds for all purposes under the Agreement, including, without limitations, for purposes of exercising remedies and approving amendments.

(F) Consent of BAM for Acceleration. BAM’s prior written consent is required as a condition precedent to and in all instances of acceleration of the amounts owing on the 2019 Insured Bonds.

(G) Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the 2019 Insured Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

(H) Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything described in paragraphs (A) through (E) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the 2019 Insurance Policy, to the extent of such payment BAM shall be treated like any other holder of the 2019 Insured Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the 2019 Insurance Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the 2019 Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, “Insurer Default” means: (a) BAM has failed to make any payment under the 2019 Insurance Policy when due and owing in accordance with its terms; or (b) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (c) any state or federal agency or instrumentality shall order the suspension of payments on the 2019 Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

BAM as Third Party Beneficiary

BAM is recognized as and shall be deemed to be a third party beneficiary of the Agreement and may enforce the provisions of the Agreement as if it were a party thereto.

Payment Procedure Under the Policy

In the event that principal and/or interest due on the 2019 Insured Bonds shall be paid by BAM pursuant to the 2019 Insurance Policy, the 2019 Insured Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the District to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners.

In the event that on the second (2nd) business day prior to any payment date on the 2019 Insured Bonds, the Fiscal Agent has not received sufficient moneys to pay all principal of and interest on the 2019 Insured Bonds due on such payment date, the Fiscal Agent shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Fiscal Agent shall so notify BAM or its designee.

In addition, if the Fiscal Agent has notice that any holder of the 2019 Insured Bonds has been required to disgorge payments of principal of or interest on the 2019 Insured Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Fiscal Agent shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Fiscal Agent is irrevocably designated, appointed, directed and authorized in and by the Agreement to act as attorney-in-fact for holders of the 2019 Insured Bonds as follows:

(A) If there is a deficiency in amounts required to pay interest and/or principal on the 2019 Insured Bonds, the Fiscal Agent shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the 2019 Insured Bonds in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the 2019 Insured Bonds, (ii) receive as designee of the respective holders (and not as Fiscal Agent) in accordance with the tenor of the 2019 Insurance Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the 2019 Insured Bonds, and (iv) disburse the same to such respective holders.

(B) If there is a deficiency in amounts required to pay principal of the 2019 Insured Bonds, the Fiscal Agent shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney in-fact for such holder of the 2019 Insured Bonds in any legal proceeding related to the payment of such principal and an assignment to BAM of the 2019 Insured Bonds surrendered to BAM, (ii) receive as designee of the respective holders (and not as Fiscal Agent) in accordance with the tenor of the 2019 Insurance Policy payment therefor from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the 2019 Insured Bonds, and (iv) disburse the same to such holders.

The Fiscal Agent shall designate any portion of payment of principal on 2019 Insured Bonds paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other

advancement of maturity, on its books as a reduction in the principal amount of 2019 Insured Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement 2019 Insured Bond to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Fiscal Agent's failure to so designate any payment or issue any replacement 2019 Insured Bond shall have no effect on the amount of principal or interest payable by the District on any 2019 Insured Bond or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of 2019 Insured Bonds disbursed by the Fiscal Agent from proceeds of the 2019 Insurance Policy shall not be considered to discharge the obligation of the District with respect to such 2019 Insured Bonds, and BAM shall become the owner of such unpaid 2019 Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions described in the preceding paragraphs or otherwise. The Agreement shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for. Irrespective of whether any such assignment is executed and delivered, the District and the Fiscal Agent agree for the benefit of BAM that:

(A) They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Fiscal Agent), on account of principal of or interest on the 2019 Insured Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the District, with interest thereon, as provided and solely from the sources stated in the Agreement and the 2019 Insured Bonds; and

(B) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the Agreement and the 2019 Insured Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the 2019 Insured Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

Additional Payments

The District agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Agreement ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The District agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything in the Agreement to the contrary, the District agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the 2019 Insurance Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the District, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the District hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the 2019 Insured Bonds on a parity with debt service due on the 2019 Insured Bonds.

Debt Service Reserve Fund

The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of cash deposit into the 2019 Reserve Fund, if any, other than the 2019 Reserve Policy. Amounts on deposit in the 2019 Reserve Fund shall be applied solely to the payment of debt service due on the 2019 Bonds.

Exercise of Rights by BAM

The rights granted to BAM under the Agreement to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the 2019 Insurance Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the 2019 Insured Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the 2019 Insured Bonds or any other person is required in addition to the consent of BAM.

BAM shall be entitled to pay principal or interest on the 2019 Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the District (as such terms are defined in the 2019 Insurance Policy) and any amounts due on the 2019 Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Agreement, whether or not BAM has received a claim upon the 2019 Insurance Policy.

No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the 2019 Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

If an event of default occurs under any agreement pursuant to which any Obligation of the District has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the 2019 Insured Bonds or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Agreement for which BAM or the Fiscal Agent, at the direction of BAM, shall be entitled to exercise all available remedies under the Agreement, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the 2019 Insured Bonds.

2019 RESERVE POLICY

2019 Reserve Policy

With respect to the 2019 Reserve Policy, notwithstanding anything to the contrary set forth in the Agreement, the District and the Fiscal Agent agree to comply with the following provisions:

(A) The District shall repay any draws under the 2019 Reserve Policy and pay all related reasonable expenses incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by the BAM at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to

the BAM on account of principal due, the coverage under the 2019 Reserve Policy will be increased by a like amount, subject to the terms of the 2019 Reserve Policy.

All cash and investments in the 2019 Reserve Fund established for the 2019 Bonds shall be transferred to the Bond Fund for payment of the debt service on the 2019 Bonds before any drawing may be made on the 2019 Reserve Policy or any other Credit Facility in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Credit Facilities (including the 2019 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2019 Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the 2019 Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(B) Draws under the 2019 Reserve Policy may only be used to make payments on 2019 Bonds.

(C) If the District shall fail to pay any Policy Costs in accordance with the requirements described in paragraph (A) above, then BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Agreement other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.

(D) The Agreement shall not be discharged until all Policy Costs owing to the BAM shall have been paid in full. The District’s obligation to pay such amount shall expressly survive payment in full of the Bonds.

(E) The Fiscal Agent shall ascertain the necessity for a claim upon the 2019 Reserve Policy in accordance with the Reserve Fund provisions of the Agreement and provide notice to the BAM at least three business days prior to each date upon which interest or principal is due on the 2019 Bonds.

(F) The 2019 Reserve Policy shall expire on the earlier of the date the 2019 Bonds are no longer outstanding and the final maturity date of the 2019 Bonds.

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

November 5, 2019

Casitas Municipal Water District
1055 Ventura Ave.
Oak View, CA 93022

Re: \$12,265,000 Casitas Municipal Water District, Community Facilities District
No. 2013-1 (OJAI) 2019 Special Tax Bonds

Ladies and Gentlemen:

We have acted as bond counsel to the Casitas Municipal Water District (the “Water District”) and the Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai) (the “Community Facilities District”) in connection with the issuance by the Water District on behalf of the Community Facilities District of its 2019 Special Tax Bonds (the “Bonds”), in the aggregate principal amount of \$12,265,000 pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (being Sections 53311 *et seq.* of the California Government Code) and a Fiscal Agent Agreement dated as of May 1, 2017 as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of November 1, 2019 (as amended and supplemented, the “Fiscal Agent Agreement”), by and between the Water District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Fiscal Agent Agreement.

In such connection, we have reviewed the Fiscal Agent Agreement, the Tax Certificate of the Water District, dated the date hereof (the “Tax Certificate”), opinions of counsel to the Water District, the Community Facilities District, and the Fiscal Agent, certificates of the Water District, the Community Facilities District, and the Fiscal Agent and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Fiscal Agent Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to the effect on the exclusion from gross income of interest on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Water

District and the Community Facilities District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Fiscal Agent Agreement and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Fiscal Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Water District and the Community Facilities District in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinion with respect to the plans, specifications, maps, reports or other engineering or financial details of the proceedings, or upon the Rate and Method of Apportionment or the validity of the Special Taxes levied upon any individual parcel.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special obligations of the Water District for the Community Facilities District, payable solely from Special Tax Revenues and other assets pledged therefor under the Fiscal Agent Agreement.

2. The Fiscal Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Water District on behalf of the Community Facilities District.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Very truly yours,

APPENDIX C
RATE AND METHOD OF APPORTIONMENT FOR CASITAS
MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES
DISTRICT NO. 2013-1 (OJAI)

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**RATE AND METHOD OF APPORTIONMENT FOR
CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)**

A Special Tax shall be levied on all Assessor's Parcels of Taxable Property in Casitas Municipal Water District ("CMWD") Community Facilities District No. 2013-1 (Ojai) ("CFD No. 2013-1") and collected each Fiscal Year, commencing in Fiscal Year 2013-14, in an amount determined through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 2013-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other map or plan recorded with the County or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan. The parcel square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560 (the "Parcel Square Footage").

"Act" means the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 2013-1, including but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by CMWD or designee thereof or both); the costs of collecting the Special Taxes (whether by CMWD or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to CMWD, CFD No. 2013-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to CMWD, CFD No. 2013-1 or any designee thereof of complying with disclosure requirements of CMWD, CFD No. 2013-1 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of CMWD, CFD No. 2013-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and CMWD's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by CMWD or advanced by CMWD or CFD No. 2013-1 for any other administrative purposes of CFD No. 2013-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel to which an Assessor's parcel number is assigned as determined from an Assessor Parcel Map or the applicable assessment roll.

“Assessor’s Parcel Map” means an official map of the County Assessor designating parcels by Assessor’s Parcel number.

“Authorized Facilities” means those facilities eligible to be funded by CFD No. 2013-1, as set forth in the Resolution of Intention to establish CFD No. 2013-1 as adopted by CMWD.

“Bond Issue” means one series of CFD No. 2013-1 Bonds.

“Certificate of Occupancy” means a certificate issued by the City or the County that authorizes the actual occupancy of Developed Property by a resident(s) or a business(es).

“CFD Administrator” means the Person designated by CFD No. 2013-1 to administer the Special Tax according to this RMA.

“CFD No. 2013-1” means CMWD Community Facilities District No. 2013-1 (Ojai).

“CFD No. 2013-1 Bonds” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued or incurred by CMWD for CFD No. 2013-1.

"City" means the City of Ojai.

"Commercial Property" means all Assessor’s Parcels of Non-Residential Property excluding Industrial Property.

“Condominium Unit” means (1) a residential condominium as described in Civil Code Section 1351(f) and (2) any residential dwelling that is not a Single Family Detached Unit or a dwelling unit located on Multifamily Attached Property, as determined by the CFD Administrator.

“County” means the County of Ventura.

“Developed Property” means, for each Fiscal Year, all Taxable Property, for which a building permit was issued on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 2013-1 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Industrial Property" means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for construction of a non-residential structure(s) which is primarily used for: manufacturing, procession, fabricating, assembly, refining, repairing, packaging, or treatment of goods, material or produce; research and development; and/or warehousing and wholesale distribution of goods, material, or produce.

“Land Use Class” means any of the classes listed in Table 1, below.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Multifamily Attached Property” means an Assessor's Parcel on which is located a structure or structures with multiple residential dwelling units, all of which are offered for rent and are not available for sale to individual owners.

“Non-Residential Floor Area” means the total building square footage of the non-residential building(s) located on an Assessor’s Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, basement storage, required corridors, public restrooms, elevator shafts, light courts, vehicle parking and areas incident thereto, mechanical equipment incidental to the operation of such building, and covered public pedestrian circulation areas, including atriums, lobbies, plazas, patios, decks, arcades and similar areas, except such public circulation areas or portions thereof that are used solely for commercial purposes. The determination of Non-Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel and/or to the appropriate records kept by the City's Building Division or the County's Building and Safety Division, as reasonably determined by the CFD Administrator.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction thereon of one or more non-residential facilities has been issued by the City or the County.

“Outstanding Bonds” means all CFD No. 2013-1 Bonds which are outstanding under an Indenture.

“Property Owner Association Property” means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2013-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner’s association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CFD Administrator by May 1 preceding the Fiscal Year for which the Special Tax is being levied.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property.

“Public Property” means property within the boundaries of CFD No. 2013-1 that is (i) owned by, or irrevocably offered or dedicated to, the federal government, the State, the County, the

City, CMWD, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall not be considered Public Property and shall be taxed and classified according to its actual use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

“Rate and Method of Apportionment” or **“RMA”** means this Rate and Method of Apportionment of Special Tax.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction thereon of one or more residential dwelling units has been issued by the City or the County. Residential Property includes Single Family Detached Units, Condominium Units and units located on Multi-Family Attached Property.

“Single Family Detached Unit” means an individual residential dwelling unit that does not share a common wall with another residential dwelling unit.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2013-1 to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount required in any Fiscal Year, commencing in Fiscal Year 2013-2014, for CFD No. 2013-1 to: (i) pay debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) pay periodic costs with respect to the CFD No. 2013-1 Bonds, including but not limited to, costs of credit enhancement and federal arbitrage rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay Administrative Expenses payable or expected to be payable in the calendar year commencing in such Fiscal Year; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) replace revenue that CFD No. 2013-1 reasonably expects not to receive due to anticipated Special Tax delinquencies, if and to the extent deemed necessary and supported by a written explanation and calculation; (vi) pay any litigation expenses and costs CMWD is required to pay to Golden State Water Company pursuant to California Code of Civil Procedure Section 1268.610 et seq. if CMWD files eminent domain to acquire Golden State’s Ojai water utility and the eminent domain proceeding is abandoned or dismissed for any reason; (vii) pay directly for the acquisition or construction of Authorized Facilities; less (viii) a credit for funds available to reduce the annual Special Tax levy.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels of Developed Property within the boundaries of CFD No. 2013-1 which are not exempt from the Special Tax pursuant to applicable law or Section E below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means property that is not Developed Property, Property Owner Association Property or Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2013-1 shall be classified as Developed Property, Undeveloped Property, Property Owner Association Property or Public Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX RATE

Developed Property shall be assigned to Land Use Classes 1 through 8 as listed in Table 1 below.

(1). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel determined to be Developed Property shall be based on the Land Use Class in Table 1 within which such Assessor's Parcel is classified. As indicated in the table, the Maximum Special Tax may be increased after the CFD sells an additional Bond Issue.

TABLE 1

**Maximum Special Tax for Developed Property within
Community Facilities District No. 2013-1 (Ojai)
Fiscal Year 2013-2014**

Land Use Class	Description	Parcel Square Footage	Maximum Special Tax	
			Prior to 2nd Bond Issue	After 2nd Bond Issue
1	Single Family Detached Unit	43,560 Sq. Ft. or greater	\$345 per unit	\$2,093 per unit
2	Single Family Detached Unit	22,000 to less than 43,560 Sq. Ft.	\$203 per unit	\$1,235 per unit
3	Single Family Detached Unit	10,000 to less than 22,000 Sq. Ft.	\$122 per unit	\$741 per unit
4	Single Family Detached Unit	Less than 10,000 Sq. Ft.	\$79 per unit	\$480 per unit
5	Condominium Unit	NA	\$67 per unit	\$407 per unit
6	Multifamily Attached Property	NA	\$57 per unit	\$349 per unit

Land Use Class	Description	Parcel Square Footage	Maximum Special Tax	
			Prior to 2nd Bond Issue	After 2nd Bond Issue
7	Commercial Property	NA	\$0.050 per square foot of Non-Residential Floor Area	\$0.303 per square foot of Non-Residential Floor Area
8	Industrial Property	NA	\$0.026 per square foot of Non-Residential Floor Area	\$0.159 per square foot of Non-Residential Floor Area

(2). Increase in the Maximum Special Tax

The Fiscal Year 2013-14 Maximum Special Tax, identified in Table 1 above, shall increase annually, commencing on July 1, 2014 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

(3). Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel in such case shall be the sum of the Maximum Special Tax for all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final in the absence of manifest error.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2013-14 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and shall provide for the levy the Special Tax as follows:

The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the Maximum Special Tax in order to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which a Certificate of Occupancy has been issued be increased by more than ten percent above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner(s) of any other Assessor's Parcel(s) within CFD No. 2013-1.

E. EXEMPTIONS

No Special Tax shall be levied on Public Property and/or Property Owner Association Property in CFD No. 2013-1. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it shall become subject to the Special Tax.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CMWD may directly bill the Special Tax, and/or may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels.

G. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may submit a written appeal to the CFD Administrator, provided that the appellant is current in his/her payment of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified through an adjustment to the Special Tax levy in the following Fiscal Year. No refunds shall be given in the current Fiscal Year.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and/or making determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the CFD Administrator shall be final and binding as to all persons.

H. PREPAYMENT OF THE SPECIAL TAX

The following additional definitions apply to this Section H:

“CFD Public Facilities Costs” means either \$42,250,000 in 2013 dollars, which shall increase by the Construction Inflation Index on July 1, 2014, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide funding for all of the Authorized Facilities, or (ii) shall be determined by CMWD concurrently with a covenant that it will not issue any more CFD No. 2013-1 Bonds (except refunding bonds) to be supported by the Special Tax levy under this Rate and Method of Apportionment as described in Section D herein.

“Construction Inflation Index” means the annual percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD

Administrator that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance the cost of Authorized Facilities, and (iv) the amount the CFD Administrator reasonably expects to derive from the reinvestment of these funds.

“Improvement Fund” means a fund or account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct Authorized Facilities.

“Previously Issued Bonds” means, for any Fiscal Year, all Outstanding Bonds that are still outstanding under the Indenture after the principal payment date following the current Fiscal Year.

1. Prepayment in Full

The obligation of the Assessor’s Parcel to pay the Special Tax may be fully prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor’s Parcels of Developed Property, or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor’s Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to the next occurring date that notice of redemption of CFD No. 2013-1 Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Prepayment Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Special Tax Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Maximum Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Maximum Special Tax for that Assessor's Parcel as though it were already designated as Developed Property, based upon the building permit which has already been issued for such Assessor's Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax levy for the entire CFD No. 2013-1 based on the Developed Property Special Tax which could be levied in the current Fiscal Year on all Developed Property CFD No. 2013-1, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price-100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the bond principal payment date following the current Fiscal Year until the earliest redemption date for the Previously Issued Bonds. Notwithstanding the above, if the Previously Issued Bonds may be redeemed in the current Fiscal Year, but after the date of prepayment, the amount needed to pay the interest under this step shall equal zero.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount less the Future Facilities Amount and the Prepayment Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").

12. The prepayment fees and expenses of CFD No. 2013-1 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2013-1 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Fees and Expenses”).
13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below the reserve requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds is projected to remain unexpended as of the date immediately following the principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund or account on such date (the “Capitalized Interest Credit”).
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the “Special Tax Prepayment Amount”).

From the Special Tax Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire CFD No. 2013-1 Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Improvement Fund. The amount computed pursuant to paragraph 12 shall be retained by CMWD.

Upon confirmation of the payment of the current Fiscal Year’s Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor’s Parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless, at the time of such proposed prepayment, the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 2013-1 (after excluding the property exempted under Section E herein) after the proposed prepayment is at least equal to the sum of (i) the Administrative Expenses, as defined in Section A above, and (ii) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year.

2. Prepayment in Part

The obligation of the Assessor's Parcel to pay the Special Tax may be partially prepaid as described herein, provided that a partial prepayment may be made only for Assessor's Parcels of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(PE - PFE) \times D] + PFE$$

These terms have the following meaning:

PP = the partial prepayment.

PE = the Special Tax Prepayment Amount calculated according to Section H.1.

D = the percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

PFE = the Prepayment Fees and Expenses calculated according to Section H.1.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for his/her Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute or cause to be distributed the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2013-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - D) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years commencing with Fiscal Year 2013-14, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the CFD No. 2013-1 Bonds have been paid.

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APPENDIX D

ECONOMIC PROFILE FOR THE COUNTY OF VENTURA

The following information relating to the County of Ventura is supplied solely for the purposes of background information. The County is not obligated in any manner to pay principal of or interest on the 2019 Bonds or to cure any delinquency or default on the 2019 Bonds. The 2019 Bonds are payable solely from the sources described in the Official Statement.

General Information

Ventura County covers approximately 2,208 square miles. It is bounded on the northwest by Santa Barbara County, on the north by Kern County, on the east and south by Los Angeles County, and on the southwest by 42 miles of Pacific Ocean shoreline.

The southeastern sector of the County has shown strong growth in population, commercial and industrial activities. The County’s historical economic strength in agriculture, food processing and mineral production has been supplemented in the past decade by increasing prominence of financial services, small manufacturing businesses, electronics industry and the military’s presence, as well as other diversified industries.

General Demographic Information

The following table provides a comparison of population growth for County of Ventura and the State of California between 2015 and 2019.

**TABLE NO. D-1
CHANGE IN POPULATION
COUNTY OF VENTURA AND STATE OF CALIFORNIA
2015 – 2019**

January 1	<u>COUNTY OF VENTURA</u>		<u>STATE OF CALIFORNIA</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
2015	852,505		38,952,462	
2016	854,886	0.3%	39,214,803	0.7%
2017	855,973	0.1%	39,504,609	0.7%
2018	857,415	0.2%	39,740,508	0.6%
2019	856,598	(0.1)%	39,927,315	0.5%
<hr/>				
% Increase Between 2015 - 2019		0.5%		2.5%

Source: State of California, Department of Finance, “E-4 Population Estimates for Cities, Counties and the State, 2011-2019, with 2010 Census Benchmark” Sacramento, California, May 2019.

Major Employers

The major employers operating within the County of Ventura as of January 2019 are as follows:

**TABLE NO. D-2
COUNTY OF VENTURA
MAJOR EMPLOYERS**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Amgen Inc	Newbury Park	Biological Specimens-Manufacturers
Baxter Healthcare	Westlake Village	Physicians & Surgeons Equip & Supls-Mfrs
City of Simi Valley	Simi Valley	City Hall
Community Memorial Health Syst	Ventura	Health Care Management
Haas Automation Inc	Oxnard	Computers-Electronic-Manufacturers
Harbor Freight Tools USA Inc	Camarillo	Tools-New & Used
Kaiser Permanente Ventura 888	Ventura	Medical Centers
Los Robles Hospital & Med Ctr	Thousand Oaks	Hospitals
Moorpark College	Moorpark	Junior-Community College-Tech Institutes
Nancy Reagan Breast Ctr	Simi Valley	Diagnostic Imaging Centers
National Guard	Port Hueneme	Government Offices-State
Naval Base Ventura County	Point Mugu Nawc	Military Bases
Ojai Valley Inn & Spa	Ojai	Hotels & Motels
Oxnard College	Oxnard	Junior-Community College-Tech Institutes
Pentair Aquatic Systems	Moorpark	Swimming Pool Equipment & Supls-Retail
Port Hueneme Div Naval	Port Hueneme Cbc	Military Bases
Rancho Simi Recreation Prk Dst	Simi Valley	Swimming Pools-Public
Santa Paula Sch Superintendent	Santa Paula	Schools
Sheriff's Department-Jails	Ventura	Government Offices-County
Simi Valley City Manager	Simi Valley	Government Offices-City/Village & Twp
Simi Valley Hospital	Simi Valley	Hospitals
St John's Regional Medical Ctr	Oxnard	Hospitals
Sullstar Technologies	Simi Valley	Telephone Equipment & Supplies
Ventura County Medical Ctr	Ventura	Hospitals
Ventura County Office of Edu	Camarillo	Schools

Source: California State Employment Development Department. This list of major employers was extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Per Capita Personal Income

Per capita personal income information for Ventura County, the State of California and the United States is summarized in the following table.

TABLE NO. D-3
PER CAPITA PERSONAL INCOME ⁽¹⁾
VENTURA COUNTY, STATE OF CALIFORNIA AND UNITED STATES
2013-2017

<u>Year</u>	<u>Ventura County</u>	<u>State of California</u>	<u>United States</u>
2013	\$50,363	\$49,173	\$44,826
2014	52,925	52,237	47,025
2015	55,594	55,679	48,940
2016	56,846	57,497	49,831
2017	59,178	59,796	51,640

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2013-2017 reflect county population estimates available as of March 2018.

Note: All dollar estimates are in thousands of current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis, available as of March 6, 2019.

Commercial Activity

The following table summarizes the volume of retail and food services sales and taxable transactions for the County for 2014 through 2018 (the most recent year for which statistics are available for the full year).

TABLE NO. D-4
COUNTY OF VENTURA
TAXABLE TRANSACTIONS
(in thousands)
2014 – 2018

<u>Year</u>	<u>Retail and</u>		<u>Retail and</u>		<u>Total Taxable</u>	<u>Issued Sales</u>
	<u>Food Services</u>	<u>% Change</u>	<u>Food Services</u>	<u>Permits</u>		
2014	\$ 9,401,053		14,903		\$13,366,628	22,851
2015	9,615,370	2.3%	15,332		13,784,346	25,826
2016	9,864,805	2.6%	15,371		13,835,876	25,891
2017	10,102,010	2.4%	15,751		13,901,215	26,392
2018	10,486,735	3.8%	15,632		14,323,432	26,954

Source: California Department of Tax and Fee Administration, "Taxable Sales in California Counties."

Industry

The County of Ventura is located in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area (“MSA”). The distribution of employment in the Oxnard-Thousand Oaks-Ventura MSA is presented in the following table.

TABLE NO. D-5
OXNARD-THOUSAND OAKS-VENTURA MSA
WAGE AND SALARY WORKERS BY INDUSTRY ⁽¹⁾
(in thousands)

<u>Industry</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Government	46.5	48.0	47.4	47.2	47.7
Other Services	9.7	9.6	9.8	9.5	9.5
Leisure and Hospitality	35.8	36.6	37.9	38.4	38.7
Educational and Health Services	42.4	44.3	46.3	47.5	48.0
Professional and Business Services	39.9	41.0	42.4	43.0	42.2
Financial Activities	17.6	17.3	16.9	16.6	16.4
Information	5.1	5.1	5.1	5.1	4.8
Transportation, Warehousing and Utilities	6.0	6.0	6.1	6.4	6.7
Service Producing					
Retail Trade	39.2	39.1	39.4	38.8	38.2
Wholesale Trade	12.5	12.9	13.4	13.2	13.3
Manufacturing					
Nondurable Goods	6.9	7.0	7.1	6.6	6.8
Durable Goods	18.8	18.8	18.7	19.5	20.0
Goods Producing					
Construction	14.3	14.6	15.9	17.0	17.7
Mining and Logging	<u>1.0</u>	<u>0.9</u>	<u>0.9</u>	<u>0.8</u>	<u>0.9</u>
Total Nonfarm	295.7	301.2	307.3	309.6	310.9
Farm	<u>28.2</u>	<u>28.0</u>	<u>26.3</u>	<u>27.6</u>	<u>27.8</u>
Total (all industries)	<u>323.9</u>	<u>329.2</u>	<u>333.6</u>	<u>337.2</u>	<u>338.7</u>

⁽¹⁾ Annually, as of June.

Source: State of California Employment Development Department, Labor Market Information Division, “*Industry Employment & Labor Force - by month, March 2018 Benchmark.*”

As of June 2019 the civilian labor force for the County was approximately 419,100 of whom 403,900 were employed. The unadjusted unemployment rate as of June 2019 was 3.6% for the County. Civilian labor force, employment and unemployment statistics for the County, the State and the United States, for the years 2014 through 2018 are shown in the following table:

**TABLE NO. D-6
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<u>2014</u>				
Ventura County	430,100	401,500	28,600	6.6%
California	18,714,700	17,310,900	1,403,800	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%
<u>2015</u>				
Ventura County	427,600	403,500	24,100	5.6%
California	18,851,100	17,681,800	1,169,200	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%
<u>2016</u>				
Ventura County	425,700	403,400	22,200	5.2%
California	19,044,500	18,002,800	1,041,700	5.5%
United States	159,187,000	151,436,000	7,751,000	4.9%
<u>2017</u>				
Ventura County	424,700	405,600	19,100	4.5%
California	19,205,300	18,285,500	919,800	4.8%
United States	160,320,000	153,337,000	6,982,000	4.4%
<u>2018</u>				
Ventura County	425,700	409,700	16,100	3.8%
California	19,398,200	18,582,800	815,400	4.2%
United States	162,075,000	155,761,000	6,314,000	3.9%

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of November 1, 2019, is by and between DTA as dissemination agent (the “Dissemination Agent”), and the CASITAS MUNICIPAL WATER DISTRICT (the “District”).

RECITALS:

WHEREAS, the District has issued, for and on behalf of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the “CFD”), its 2019 Special Tax Bonds (the “2019 Bonds”) in the aggregate initial principal amount of \$12,265,000; and

WHEREAS, the 2019 Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of May 1, 2017 as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of November 1, 2019 (as amended and supplemented, the “Fiscal Agent Agreement”), by and between U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and the District, for and on behalf of the CFD; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the owners and beneficial owners of the 2019 Bonds and in order to assist the underwriter of the 2019 Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019 Bond (including persons holding any 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2019 Bond for federal income tax purposes.

“*Disclosure Representative*” means the Chief Financial Officer of the District, or such person’s designee, or such other officer or employee of the District as the District shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means DTA, 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.

“EMMA” or “*Electronic Municipal Market Access*” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the Official Statement, dated October 16, 2019, relating to the 2019 Bonds.

“*Participating Underwriter*” means the original underwriter of the 2019 Bonds required to comply with the Rule in connection with offering of the 2019 Bonds.

“*Rule*” means 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 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the 2019 Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The District shall, or shall cause the Dissemination Agent to, not later than the March 1 occurring after the end of each fiscal year of the District, commencing with the report for the 2018-19 fiscal year, which is due not later than March 1, 2020, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. 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; provided that any audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a), and subsequent Annual Report filings shall be made no later than eight months and a day after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than 5 Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b) of this Section 3 for providing the Annual Report to EMMA), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District in writing.

(d) *Report of Non-Compliance.* If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the District shall in a timely manner send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A in a timely manner.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report for each fiscal year shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the District for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as 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 audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* The Annual Report for each fiscal year shall also include the following information:

(i) The principal amount of the 2019 Bonds, the 2017 Series B Bonds and any Parity Bonds (in addition to the 2019 Bonds) Outstanding as of the September 30 next preceding the date of the Annual Report, and a description of any special redemption of any such Bonds from prepaid Special Taxes since the date of the prior Annual Report.

(ii) The amount on deposit in the 2019 Reserve Fund, if any, the amount available to be drawn on the 2019 Reserve Policy, and a statement of the 2019 Reserve Requirement, as of a date within 60 days preceding the Annual Report Date.

(iii) The maximum and actual special tax rate for the current fiscal year for each Land Use Class (as defined in the Rate and Method of Apportionment), in a table similar to Table No. 2 in the Official Statement.

(vi) The number of parcels for which the Special Tax has been prepaid since the date of the prior Annual Report, the aggregate amount of the prepayments, a statement as to whether each prepayment is in full or in part, and the Land Use Class of each such parcel.

(v) The total assessed value of all Developed Property (as defined in the Rate and Method of Apportionment) within the CFD on which the Special Taxes are levied, as shown on the assessment roll of the County Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, and a statement of assessed value-to-Bond lien ratios therefor (based on the 2017 Bonds, the 2019 Bonds and future Parity Bonds, if any), either by individual parcel or by categories, in a table similar to Table No. 6 in the Official Statement.

(vi) An update to Table No. 4 in the Official Statement using the most recently available County assessed values.

(vii) An update to Table No. 8 in the Official Statement for the most recently completed fiscal year, and an update of prior years' delinquencies as of a date not more than ninety (90) days prior to the date of the Annual Report.

(viii) The status of foreclosure proceedings for any parcels within the CFD on which the Special Taxes are levied and a summary or the results of any foreclosure sales, or other collection efforts with respect to delinquent Special Taxes, as of the September 30 next preceding the date of the Annual Report.

(ix) The most recent annual information required to be provided to the California Debt and Investment Advisory Commission pursuant to Section 5.19(A) of the Fiscal Agent Agreement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, 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.

Section 5. Reporting of Listed Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2019 Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving 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, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) The District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above 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 under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the 2019 Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the CFD in a proceeding under the United States 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 CFD, or if such jurisdiction has been assumed by leaving the existing governing 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 CFD.

(e) The term financial obligation means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of an obligation described in (e)(1) or (e)(2). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. 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 2019 Bonds.

Section 8. Dissemination Agent.

(a) *Appointment of 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 agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be DTA.

If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any 2019 Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the District for its services provided hereunder as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the District. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, the owners of the 2019 Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the District or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3.

Section 9. 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 so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2019 Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of 2019 Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the 2019 Bond owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. 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 future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any 2019 Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter 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. The sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the Beneficial Owners from time to time of the 2019 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.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Michael Flood,
General Manager

DTA, as Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Casitas Municipal Water District

Name of Bond Issue: Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2019 Special Tax Bonds

Date of Issuance: November 5, 2019

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named 2019 Bonds as required by Section 5.17 of the Fiscal Agent Agreement, dated as of May 1, 2017 as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of November 1, 2019, between the Obligor and U.S. Bank National Association, as fiscal agent. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

By: DTA, as Dissemination Agent

APPENDIX F

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2019 Bonds, payment of principal, interest and other payments on the 2019 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2019 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners 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.

Neither the issuer of the 2019 Bonds (the “Issuer”) nor any trustee, fiscal agent or paying agent appointed with respect to the 2019 Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2019 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2019 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2019 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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 System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 transfers 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, 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 a Standard & Poor’s rating of

AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; 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.

5. 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. 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, Agent, or

Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer