

SONOMA COUNTY WATER AGENCY

Ordinance No. __

**Amending and Restating Ordinance No. 1,
originally adopted on December 28, 1970,
as previously amended and supplemented**

Providing for the Issuance of Sonoma County Water Agency Bonds

Adopted: April 28, 2026

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**AMENDED AND RESTATED
ORDINANCE NO. 1**

**Providing for the Issuance of Sonoma County Water Agency
Revenue Bonds**

WHEREAS, the Board of Directors of Sonoma County Water Agency has determined to provide for the issuance of Sonoma County Water Agency Revenue Bonds in such Series from time to time as may hereafter be established by Ordinances of the Board of Directors authorizing the issuance thereof, including without limitation Ordinance No. 1, adopted on December 28, 1970, and as previously amended and supplemented to date (the "Original Ordinance"); and

WHEREAS, it is desirable to adopt this Amended and Restated Ordinance (the "Master Ordinance") in order to amend and restate the Original Ordinance to consolidate all prior amendments and make certain additional amendments to the Original Ordinance, and to declare the terms and conditions upon and subject to which the Bonds may be authorized and issued;

NOW, THEREFORE, the Board of Directors of Sonoma County Water Agency does ordain, as follows:

Article I
Authority for and Equality of Bonds, and Definitions

Section 1.01. Due Authorization.

This Board has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and does hereby find and determine, that the Agency has duly and regularly complied with all applicable provisions of law and is duly authorized by law to issue the Bonds in the manner and upon the terms in this Master Ordinance provided and that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the issuance of the Bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and this Board of Directors is now duly empowered to issue the Bonds.

Section 1.02. Equal Security

In consideration of the acceptance of the Bonds and the Parity Obligations, the creation of which is authorized hereunder, by those who shall hold the same from time to time, this Master Ordinance shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds and the owners of the Parity Obligations and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds and owners of the Parity Obligations authorized hereunder, without preference, priority or distinction as to security or otherwise of any of the Bonds or the Parity Obligations authorized hereunder over any of the others by reason of time of issue, sale or negotiation thereof or otherwise for any cause whatsoever.

Section 1.03. Definitions.

Unless the context otherwise requires, the terms in this Section 1.03 defined shall, for all purposes of this Master Ordinance, and of any ordinance supplemental hereto, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

Act

"Act" means the Sonoma County Water Agency Act (Cal. Stat. 1949, c. 994, as amended), as it may be amended from time to time.

Additional Revenues

“Additional Revenues” means any or all of the following:

(a) an allowance for Net Revenues from Capital Charges relating to the Transmission System assessed by the Agency during the period of calculation;

(b) an allowance for earnings arising from any increase in the Maintenance and Operation Charges relating to the Transmission System which has become effective prior to the incurring of such additional indebtedness but which, during

all or any part of the period of calculation, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Maintenance and Operation Charges had been in effect during the whole of such the period of calculation, all as shown in the written report of an Independent Consultant engaged by the Agency; and

(c) an allowance from any increase in Capital Charges, Maintenance and Operation Charges or other Charges assessed by the Agency and relating to the Transmission System under any Water Supply Agreement or other contract between the Agency and any Water Contractor during any part of the period of calculation.

Agency

"Agency" means the Sonoma County Water Agency (formerly known as the Sonoma County Flood Control and Water Conservation District), a public district duly organized and existing under the Act, located in the County of Sonoma, State of California.

Agency Fund

"Agency Fund" shall mean the Fund described in Section 5.02 hereof.

Authorized Investments

"Authorized Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

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

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

- (A) **U.S. Export-Import Bank (Eximbank)**
Direct obligations or fully guaranteed certificates of beneficial ownership
- (B) **Farmers home Administration (FmHA)**
Certificates of beneficial ownership
- (C) **Federal Financing Bank**
- (D) **Federal Housing Administration Debentures (FHA)**

- (E) **General Services Administration**
Participation certificates
- (F) **Government National Mortgage Association (GNMA or "Ginnie Mae")**
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues)
- (G) **U.S. Maritime Administration**
Guaranteed Title XI
- (H) **U.S. Department of Housing and Urban Development (HUD)**
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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

- (A) **Federal Home Loan Bank System**
Senior debt obligations
- (B) **Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")**
Participation Certificates
Senior debt obligations
- (C) **Federal National Mortgage Association (FNMA or "Fannie Mae")**
Mortgage-backed securities and senior debt obligations
- (D) **Student Loan Marketing Association (SLMA or "Sallie Mae")**
Senior debt obligations
- (E) **Resolution Funding Corp (REFCORP) obligations**
- (F) **Farm Credit System**
Consolidated systemwide bonds and notes

(4) Money market funds (other than money market funds with a floating net asset value) registered under the Federal Investment Company Act of 1940,

whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAA-m, or AA-m and if rated by Moody's rated Aaa, Aal or Aa2, including funds for which the Trustee or an affiliate provides investment advice or other services.

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

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

(7) Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).

(8) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

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

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(11) Any State pooled investment fund in which the Agency is permitted by statute or required to invest.

(12) Investment agreements approved in writing by the Bond Insurer (supported by appropriate opinions of counsel); and

(13) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

Authorized Official

"Authorized Official" means the General Manager, Controller, Chief Financial Officer, or any other officer of the Agency duly authorized by the Board of Directors for that purpose.

Average Annual Debt Service

"Average Annual Debt Service" means the total Debt Service for the entire period during which the Bonds are Outstanding divided by the number of Fiscal Years or portions thereof during which the Bonds are Outstanding.

Balloon Indebtedness

"Balloon Indebtedness" means Long-term Indebtedness, 20% or more of the original principal amount of which matures in the same Fiscal Year, if such 20% or more is not required to be amortized below 20% by mandatory redemption prior to such Fiscal Year.

Beneficial Owner

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

BMA Index Rate

"BMA Index Rate" means the rate published in The Bond Market Association Municipal Swap Index, produced by Municipal Market Data, a Thomson Financial Services Company, or its successors.

Board

"Board" means the Board of Directors of the Agency or any other governing board of the Agency hereafter provided for pursuant to law.

Bond Counsel

"Bond Counsel" means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

Bond Registration Books

"Bond Registration Books" means the books maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

Bond Year

"Bond Year" means the twelve-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that (i) the first bond Year shall begin on the Closing Date, and (ii) the last Bond Year may end on a redemption date prior to the maturity of the Bonds.

Bonds

"Bonds" means all water revenue bonds issued and outstanding under this Master Ordinance or any Supplemental Ordinance provided for herein, including without limitation

Refunding Bonds issued under Section 3.05. Irrespective of the Series designation, the Bonds issued hereunder shall constitute a Series of 1971 Water Revenue Bonds.

Business Day

"Business Day" means any day other than a Saturday, a Sunday or a day on which the Trustee is authorized by law to remain closed.

Capital Charges

"Capital Charges" means collectively Capital Charges relating to the Transmission System assessed by the Agency and derived from any or all of the following:

(a) the Santa Rosa Aqueduct Capital Charge, the Forestville Aqueduct Capital Charge, the Sonoma Aqueduct Capital charge, the Petaluma Aqueduct Capital Charge, the Aqueduct Facilities Revenue Bonds Charge, the Storage Facilities Revenue Bonds Charge, the Common Facilities Revenue Bonds Charge and the North Marin Revenue Bonds Charge assessed by the Agency pursuant to the Restructured Water Supply Agreement,

(b) capital charges paid by the Marin Municipal Water District under the MMWD Water Supply Agreement (but *excluding* Capital Charges derived from the Russian River Projects Charge and the Russian River Conservation Charge, including the lump-sum payments thereof, under Sections 5(b), (c), (d) and (e) of the MMWD Amended Agreement),

(c) capital charges made under any other Water Supply Agreement between the Agency and any Water Contractor, or

(d) capital charges made under any amendment to any Water Supply Agreement referenced in this paragraph, relating to the Transmission System.

Notwithstanding the foregoing, any Capital Charges or other charges relating to the Russian River Project, whether part of a Water Supply Agreement or not, shall be excluded from the definition of Capital Charges hereunder.

Certificate of the Agency

"Certificate of the Agency" means a certificate in writing signed by an Authorized Official of the Agency, or by any other officer of the Agency duly authorized by the Board of Directors for that purpose.

Closing Date

"Closing Date" means the date upon which there is an exchange of a Series of Bonds for the proceeds representing the purchase of such Series by the Participating Underwriter thereof.

Construction Fund

"Construction Fund" shall mean the Revenue Construction Fund No. 1 established pursuant to Section 3.04 of this Master Ordinance.

Continuing Disclosure Agreement

"Continuing Disclosure Agreement" means any Continuing Disclosure Agreement or Continuing Disclosure Certificate executed by the Agency in connection with the issuance of any Series of Bonds.

Controller

"Controller" means the Sonoma County Auditor-Controller, or successor.

Costs of Issuance

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of any Series of Bonds, including but not limited to: compensation, fees and expenses of the Agency and the Trustee and their respective counsel; compensation, fees and expenses of municipal advisors, financial consultants and underwriters; compensation, fees and expenses of bond and disclosure counsel to the Agency; municipal bond insurance or surety bond premiums; rating agency fees; filing, publication and recording costs; and costs of preparation, reproduction and printing of documents.

Debt Service

"Debt Service," when used with respect to any Long-term Indebtedness, means, as of any date of calculation and with respect to any period, the sum of (1) the interest falling due on such Long-term Indebtedness during such period, and (2) the scheduled principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Long-term Indebtedness during such period; computed on the assumption that no portion of such Long-term Indebtedness will cease to be outstanding during such period except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation:

(a) as to any such Long-term Indebtedness bearing interest at other than a fixed rate, for periods for which the actual interest rate cannot yet be determined the interest rate on such Long-term Indebtedness shall be assumed to be equal to a rate of 120% of the BMA Index, or if the BMA Index is unavailable, another nationally recognized tax-exempt variable rate index to be selected by the Agency prior to the date of calculation and if such Long-term Indebtedness is subject to put or tender, then it shall be amortized over a term of 20 years (or the stated term of such Long-term Indebtedness, if shorter);

(b) as to Balloon Indebtedness, until 12 months prior to the maturity or due date with respect to such Balloon Indebtedness (at which time such Balloon Indebtedness shall be assumed to be payable in accordance with its terms unless there

shall have been obtained a binding commitment on commercially reasonable terms of a responsible financial institution to refinance the portion of such Balloon Indebtedness coming due within such 12-month period), the principal and interest requirements shall be calculated as if such Long-term Indebtedness were initially issued

(i) for a term of 20 years (or the stated term of the Balloon Indebtedness, if shorter),

(ii) with annual amortization calculated on a level debt service basis commencing upon completion of the acquisition, construction, renovation or replacement of any capital assets financed with the proceeds thereof or, if no capital assets are then being financed, upon the first anniversary of the date of issuance of such Long-term Indebtedness, and

(iii) with interest at a rate equal to the Thirty-Year Revenue Bond Index most recently published in The Bond Buyer prior to the date of calculation;

(c) if interest is capitalized with respect to any such Long-term Indebtedness, Debt Service on such Long-term Indebtedness shall be included in computations of Maximum Annual Debt Service under this Master Ordinance only in proportion to the amount of interest payable in the then-current Fiscal Year from sources other than amounts capitalized to pay such interest;

(d) debt service requirements on Guaranties shall be assumed to be equal to 100% of the principal and interest components on the indebtedness being guaranteed as if such indebtedness were Long-term Indebtedness of the Agency; provided that if (i) no payment has ever been made on such Guaranty or at least two years have elapsed from the last of such payments and (ii) a certificate of an Independent Certified Public Accountant to the effect that for the most recent Fiscal Year of the entity whose indebtedness is being guaranteed, using the definitions herein, Net Revenues of the entity was at least equal to 200% of Maximum Annual Debt Service of such entity, then 20% of the principal and interest components on the indebtedness being guaranteed shall be included in calculations of Debt Service;

(e) if moneys or Federal Securities have been deposited with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to pay the principal of or interest on Long-term Indebtedness as it comes due, such principal or interest, as the case may be, shall not be included in computations of Debt Service;

(f) if such date of calculation occurs within 12 months of the maturity or due date of any Long-term Indebtedness and there is a reserve fund for such Long-term Indebtedness, then an amount equal to such reserve fund shall not be included in computations of Debt Service for such Long-term Indebtedness;

(g) amounts that may be required to reimburse a bank or other credit facility provider with respect to a reimbursement agreement or repayment contract for a letter of credit or similar credit facility shall not be included in computations of Debt

Service to the extent that the underlying obligation secured by such credit facility has already been included in computations of Debt Service;

(h) if the Agency has entered into a Financial Product Agreement resulting in a variable interest rate with respect to Long-term Indebtedness the interest on which is payable by its terms at a fixed rate, the interest rate on such Long-term Indebtedness for future periods when the actual interest rate cannot yet be determined shall be assumed (but only during the period the Financial Product Agreement is in effect) to be equal to the sum of the following:

(i) the fixed rate or rates stated in such Long-term Indebtedness,
minus

(ii) the fixed rate paid by the Qualified Provider to the Agency,
plus

(iii) the lesser of (a) the interest rate cap, if any, provided by a Qualified Provider with respect to such Financial Product Agreement (but only during the period that such interest rate cap is in effect) and (b) 120% of the weighted average variable interest rate paid by the Agency to the Qualified Provider during the 24 full calendar months immediately preceding the date of calculation of Maximum Annual Debt Service or, with respect to a Financial Product Agreement entered into during such 24-month period, (1) if the interest on the variable rate component of such Financial Product Agreement paid by the Agency to the Qualified Provider is excluded from gross income for federal income tax purposes, 120% of the average of the most recent 24-month published Bond Buyer 25 Revenue Bond Index, or (2) in any other case, 120% of the average of the prime rate of the Trustee (or the principal banking affiliate of the Trustee) in effect during such 24-month period; and

(i) if a Financial Product Agreement resulting in a fixed interest rate has been entered into by the Agency with respect to a Long-term Indebtedness the interest on which is payable by its terms pursuant to a variable interest rate formula, and such Financial Product Agreement is coterminous with such Long-term Indebtedness, interest on such Long-term Indebtedness shall be included in the calculation of Maximum Annual Debt Service by including for each Fiscal Year an amount equal to the net interest expense of the Agency with respect to such Long-term Indebtedness in such Fiscal Year giving effect to such Financial Product Agreement.

Debt Service Fund

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.03.

Defeasance Obligations

"Defeasance Obligations" means

- (a) cash
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGs")
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities
- (d) Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (e) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - (i) **U.S. Export-Import Bank (Eximbank)**
Direct obligations or fully guaranteed certificates of beneficial ownership
 - (ii) **Farmers Home Administration (FmHA)**
Certificates of beneficial ownership
 - (iii) **Federal Financing Bank**
 - (iv) **General Services Administration**
Participation certificates
 - (v) **U.S. Maritime Administration**
Guaranteed Title XI financing
 - (vi) **U.S. Department of Housing and Urban Development (HUD)**
Project Notes
Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

Depository

"Depository" means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository pursuant to Section 2.10.

Depository System Participant

"Depository System Participant" means any participant in the Depository's book-entry system.

DTC

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

Fair Market Value

"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 Tax 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 Tax 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 Tax Code, (iii) the investment is a United States Treasury Security -- State and Local Government Series that is acquired in accordance with applicable regulations of the Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

Federal Securities

"Federal Securities" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and

(b) obligations of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

Financial Product Agreement

"Financial Product Agreement" shall mean an interest rate swap, cap, collar or other hedge agreement having been entered into by the Agency with a Qualified Provider not for investment purposes but with respect to Indebtedness (which shall be specifically identified in

the Certificate of the Agency) for the purpose of (1) reducing or otherwise managing the Agency's risk of interest rate changes or (2) effectively converting the Agency's interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

Fiscal Year

"Fiscal year," as of the date of adoption of this Master Ordinance, means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other period hereafter selected and designated by the Agency as its official fiscal year period.

Fitch

"Fitch" means Fitch, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Agency.

Guaranty

"Guaranty" means all loan commitments and all obligations of the Agency guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other person which would, if such other person were the Agency, constitute Short-term Indebtedness or Long-term Indebtedness.

Improvements

"Improvements" means any capital acquisitions of, additions to, extensions of, improvements to, betterments to, and replacements of the property, facilities, equipment and machinery making up the Transmission System.

Indebtedness

"Indebtedness" shall mean all variable rate obligations, commercial paper notes, auction rate securities, notes, lease agreements, installment sale agreements, loans, State Loans, guaranties, and any other obligations issued or entered into by the Agency from time to time for borrowed money payable from Revenues.

Independent Certified Public Accountant

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants appointed and paid by the Agency, and who, or each of whom:

- (a) is in fact independent and not under domination of the Agency;
- (b) does not have any substantial identity of interest, direct or indirect, with the Agency; and

(c) is not and no member of which is connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

Independent Consultant

"Independent Consultant" means any financial or engineering consultant (including without limitation any Independent Certified Public Accountant) with an established reputation in the field of municipal finance or a firm of such consultants appointed and paid by the Agency, and who, or each of whom:

- (a) is in fact independent and not under domination of the Agency;
- (b) does not have any substantial identity of interest, direct or indirect, with the Agency; and
- (c) is not and no member of which is connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

Information Services

"Information Services" means Financial Information, Inc. "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Dept.; Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or any other such services as the Issuer may designate in writing to the Trustee.

Interest Payment Date

"Interest Payment Date" means the dates on which interest is due and payable on any Bonds as set forth in the Supplemental Ordinance authorizing the issuance thereof.

Interest Requirement

"Interest Requirement" means, as of any particular date of calculation, the amount equal to any unpaid interest then due and payable, plus an amount which will on the next succeeding Interest Payment Date be equal to the interest to become due and payable on the Bonds on such next succeeding Interest Payment Date.

Long-Term Indebtedness

"Long-term Indebtedness" means Indebtedness having an original maturity greater than one year or renewable at the option of the Agency for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such

Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least 30 consecutive days during each calendar year.

Maintenance and Operation Charges

"Maintenance and Operation Charges" are those charges designated as Maintenance and Operation Charges relating to the Transmission System assessed by the Agency pursuant to any Water Supply Agreement.

Maintenance and Operation Costs

"Maintenance and Operation Costs" means, when used with respect to the Transmission System, the reasonable and necessary costs of and charges for maintenance, and operation of the Transmission System, but only if said costs and charges are in conformity with generally accepted accounting principles, and exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Agency.

Such maintenance and operation costs of the Transmission System include (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Transmission System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs.

Said term does not include costs, or charges made therefor, for any Improvements or other capital additions, replacements, betterments, extensions or improvements to the Transmission System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Agency nor such property items which are capitalized pursuant to the then existing accounting practice of the Agency.

Master Ordinance

"Master Ordinance" means Ordinance No. 1 adopted by the Board of the Agency on December 3, 2002, as amended and supplemented to date and as amended and restated hereby, and as may be amended and supplemented from time to time by any Supplemental Ordinance.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Fiscal Year.

MMWD Water Supply Agreement

"MMWD Water Supply Agreement" means the Amended and Restated Water Supply Agreement dated October 29, 2025, between the Agency and Marin Municipal Water District, as amended from time to time.

Moody's

"Moody's" means Moody's Investors Services, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Agency.

Municipal Bond Insurance Policy

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Municipal Bond Insurer insuring the payment, when due, of the principal of and interest on a particular Series of the Bonds.

Municipal Bond Insurer

"Municipal Bond Insurer" means any issuer of a Municipal Bond Insurance Policy.

Net Proceeds

"Net Proceeds," when used with references to any insurance or condemnation award or sale of property, means the gross proceeds from the sale of property or insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

Net Revenues

"Net Revenues" means, with respect to the Transmission System, for any period of computation, the amount of the Revenues received from the Transmission System during such period, less the amount of Maintenance and Operation Costs of the Transmission System becoming payable during such period.

Nominee

"Nominee" means Cede & Co. Inc., and its successors and assigns.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.03) all bonds theretofore executed, issued and delivered by the Agency under the Ordinance except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other bonds shall have been executed, issued and delivered by the Agency pursuant to this Master Ordinance or any Parity Obligations Instrument.

Owner

"Owner" means any person who shall be the registered owner of any fully registered Bond or Subordinate Bond.

Parity Obligations

"Parity Obligations" means any Indebtedness of the Agency payable from and secured by a pledge of and lien upon any of the Net Revenues equally and ratably with the Bonds, including without limitation State Loans.

Parity Obligations Instrument

"Parity Obligations Instrument" means any resolution, ordinance, trust indenture, contract, lease, installment sale agreement, or other financing arrangement adopted, entered into or executed and delivered by the Agency, under which Parity Obligations are issued or incurred.

Participating Underwriter

"Participating Underwriter" means the original underwriter of any Series of the Bonds required to comply with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of such Series of Bonds.

Principal Corporate Trust Office

"Principal Corporate Trust Office" means the corporate trust office of the Trustee at the address set forth in Section 11.14 provided that for purposes of payment, redemption, exchange, transfer, surrender, and cancellation of Bonds, such term means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as may be designated by the Trustee from time to time.

Principal Installment

"Principal Installment" means with respect to any particular Principal Installment Date, an amount equal to the sum of (i) the aggregate principal amount of Outstanding Serial Bonds payable on such Principal Installment Date as determined by the applicable Parity Obligations Instrument (but not including Sinking Fund Installments) and (ii) the aggregate of Sinking Fund Installments with respect to all Outstanding Term Bonds payable on such Principal Installment Date as determined hereby and by the applicable Parity Obligations Instrument.

Principal Payment Date

"Principal Payment Date" means the date on which Principal Payments are required to be made pursuant to Section 18.09 or such Parity Obligation Instrument or Subordinate Obligation Instrument.

Qualified Provider

"Qualified Provider" shall mean any financial institution or insurance company the unsecured long-term debt obligations of which (or the parent or a subsidiary of which if such parent or subsidiary unconditionally guarantees in writing the performance of such financial institution or insurance company), or long-term obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), are rated in one of the three highest Rating Categories by any Rating Agency.

Qualified Surety Bond

"Qualified Surety Bond" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.03 provided that all of the following requirements are met at the time of acceptance thereof by the Trustee:

- (a) the long-term credit rating of such bank or insurance company is "A" or better from each Rating Agency which then maintains a rating on the Bonds;
- (b) such letter of credit or surety bond has a term of at least 12 months;
- (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 5.05; and
- (d) the Trustee 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 Debt Service Fund for the purpose of making payments required pursuant to Section 5.03(3).

Rating Agency

"Rating Agency" means, as of any date, each of the following rating agencies which then maintain a rating on any of the Bonds: (a) Moody's, (b) Fitch, (c) Standard & Poor's, and (d) A.M. Best & Company, as applicable.

Record Date

"Record Date" means the 15th calendar day of the month immediately preceding an Interest Payment Date, or such other date that may be established for a Series of Bonds under a Supplemental Ordinance.

Redemption Account

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 5.03.

Redemption Price

"Redemption Price" means, with respect to any Bond duly called for redemption, the principal amount thereof, plus the applicable premium, if any, and accrued interest to the redemption date thereof, payable upon redemption thereof pursuant to this Master Ordinance and the Supplemental Ordinance pursuant to which the same was issued.

Refunding Bonds

"Refunding Bonds" means Bonds issued under Section 3.05 for the purpose of refunding Outstanding Bonds or Outstanding Parity Obligations in full or in part.

Request of the Agency

"Request of the Agency" means a request in writing signed by an Authorized Official of the Agency, or by any other officer of the Agency duly authorized by the Board of Directors for that purpose.

Restructured Water Supply Agreement

"Restructured Water Supply Agreement" means the Restructured Agreement for Water Supply among the Agency, the City of Cotati, the City of Petaluma, the City of Rohnert Park, the City of Santa Rosa, the City of Sonoma, the Forestville Water District, the North Marin Water District, the Valley of the Moon Water District, and the Town of Windsor effective as of June 23, 2006, as amended from time to time.

Reserve Account

"Reserve Account" means the Account by that name established and held by the Trustee pursuant to Section 5.03.

Reserve Requirement

"Reserve Requirement" means, for any particular Series of Bonds (other than the Outstanding 2015 Bonds), the amount, if any, set forth in the Supplemental Ordinance or resolution providing for the issuance of such Series of Bonds.

If the Agency determines that the Reserve Requirement for a Series of Bonds shall be less than the least of (i) Maximum Annual Debt Service on such Series; (ii) 10% of the original principal amount of such Series; or (iii) 125% of Average Annual Debt Service on such Series, the Agency shall have the Trustee establish a separate subaccount within the Reserve Account that shall only secure such Series of Bonds, and such Series of Bonds shall not be secured by any other amounts on deposit in the Reserve Account.

Revenues

"Revenues" means all charges received for, and all other income and receipts derived by the Agency from, the ownership or operation of the Transmission System, or arising from the Transmission System, including income derived from the sale or use of water or charges or rentals for capacity in any facilities of the Transmission System, together with any receipts derived from the sale of any property pertaining to the Transmission System or incidental to the operation of the Transmission System (including the sale of electrical power), receipts derived from the investment of funds held by the Agency or the Trustee under this Master Ordinance, or from any services performed by the Agency in connection with or incidental to the Transmission System, or from any other source whatsoever directly or indirectly derived from the Transmission System including without limitation Capital Charges and Maintenance and Operation Charges relating to the Transmission System received from any Water Contractor under any Water Supply Agreement.

Notwithstanding the foregoing, "Revenues" shall exclude in every case the following:

(a) any moneys derived from the levy or collection of taxes upon any taxable property in the Agency,

(b) capital cost cash payments and interest thereon received by the Agency from North Marin Water District, pursuant to Section 4.4 of the Restructured Water Supply Agreement,

(c) other capital cost cash payments and interest thereon received by the Agency in connection with the future expansion of the Transmission System and which are made to pay all or a pro rata portion of such expansion and are in lieu of periodic payments for water which would amortize the capital cost of such improvements pursuant to any Water Supply Agreement,

(d) any monies derived pursuant to Section 4.18 of the Restructured Water Supply Agreement,

(e) the payments and credits listed in paragraphs (a) through (f) of Section 1.7 of the Restructured Water Supply Agreement.

(f) any monies derived pursuant to the MMWD Amended Agreement with respect to the Russian River Conservation Charge and the Russian River Projects Charge, including the lump-sum payments thereof, under Sections 5(b), (c), (d) and (e) of the MMWD Amended Agreement.

(g) any other monies, including without limitation conservation charges, received under any Water Supply Agreement with respect to the Russian River Project.

Additionally, the payments and credits listed in (c) through (f) of Section 1.7 of the Restructured Water Supply Agreement shall be deemed to be Revenues for purposes of the 2002 State Loan only to the extent such amounts are needed to pay debt service on the 2002 State Loan.

Russian River Project

"Russian River Project" means the cooperative endeavor of the United States and the Agency consisting of Coyote Valley Dam, Warm Springs Dam, and the water supply produced thereby and the associated facilities such as downstream bank stabilization works, recreational facilities, and fish mitigation and enhancement facilities.

Serial Bonds

"Serial Bonds" means all Bonds other than Term Bonds.

Series

"Series," when used with respect to less than all of the Bonds, means any the Bonds issued in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to Section 3.01.

Short-Term Indebtedness

"Short-Term Indebtedness" means all Indebtedness incurred by the Agency that (i) has a maturity of one (1) year or less, and (ii) is not renewable at the option of the Agency beyond the original one (1) year maturity.

Sinking Fund Installment

"Sinking Fund Installment" means, with respect to any particular date, the amount of money required to be paid by the Agency on such date toward the partial redemption of any particular Bonds issued as Term Bonds prior to their respective stated maturities, as set forth in the Supplemental Ordinance issuing such Bonds.

Sonoma Water

"Sonoma Water " means the Agency.

Standard & Poor's

"Standard & Poor's" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency.

State

"State" means the State of California.

State Loans

"State Loans" shall mean, collectively, (a) the loan between the State and the Agency dated March 15, 2001, in the principal amount of \$9,952,386 as amended, October 23, 2002, to increase the principal amount to \$15,858,989 and reserve of \$1,040,356 (the "2002 State Loan"), and (b) any future loans or other Indebtedness evidenced by an agreement between the Agency and the State or any agency or instrumentality thereof as a Parity Obligation hereunder.

Subordinate Bonds

"Subordinate Bonds" means any Bonds issued or incurred pursuant to a Supplemental Ordinance and payable from and secured by a pledge of and junior lien upon any of the Net Revenues subordinate and junior to the lien of the Bonds.

Subordinate Obligations

"Subordinate Obligations" means any Indebtedness of the Agency issued or incurred pursuant to a Subordinate Obligations Instrument and payable from and secured by a pledge of and junior lien upon any of the Net Revenues subordinate and junior to the lien of the Bonds. .

Subordinate Obligations Instrument

"Subordinate Obligations Instrument" means any resolution, ordinance, trust indenture, contract lease, installment sale agreement, or other financing arrangement adopted, entered into or executed and delivered by the Agency, under which Subordinate Obligations are issued or incurred.

Supplemental Ordinance

"Supplemental Ordinance" means any ordinance amendatory of or supplemental to this Master Ordinance that is specifically authorized under this Master Ordinance and has been duly adopted by the Board under the Act, and shall include any Supplemental Resolution duly adopted by the Board authorizing the issuance of Refunding Bonds.

Supplemental Resolution

"Supplemental Resolution" means any resolution duly adopted by the Board authorizing the issuance of Refunding Bonds.

Tax Code

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

Tax Regulations

"Tax Regulations" means temporary and permanent regulations promulgated under the Tax Code.

Term Bonds

"Term Bonds" means any Bonds payable prior to their stated maturity by operation of Sinking Fund Installments.

Transmission System

"Transmission System" means the water transmission and distribution system now operated by the Agency, or contractually inuring to the benefit of the Agency to the extent of such contractual inurement, including pumping plants, wells, intake works, aqueducts, intercepting and connecting pipelines, together with additional water storage facilities, pumping plants, water treatment facilities, pipelines and distribution facilities, and the hydroelectric plant located and Warm Springs Dam, together with all additions, betterments and Improvements thereto and all other works, properties or structures now or hereafter used to deliver water to any Water Contractor, but excluding the Russian River Project.

Treasurer

"Treasurer" means the Sonoma County Treasurer.

2015 Bonds

"2015 Bonds" means collectively the Outstanding Bonds captioned "Sonoma County Water Agency Water Revenue Bonds, 2015 Series A" (the "2015 Series A Bonds") and the "Sonoma County Water Agency Water Revenue Bonds, 2015 Series A-T Bonds (Federally Taxable)" (the "2015 Series A-T Bonds.")

2019 Bonds

"2019 Bonds" means the Outstanding Bonds captioned "Sonoma County Water Agency Water Revenue Bonds, 2019 Series A."

2022 Bonds

"2022 Bonds" means the Outstanding Bonds captioned "Sonoma County Water Agency Water Revenue Bonds, 2022 Series A."

Trustee

"Trustee" means U.S. Bank Trust Company, National Association, as successor to Union Bank of California, N.A., appointed as provided in Section 7.01, its successors and assigns, any other agency or association which may at any time be substituted in its place as herein provided. The Trustee shall act as the Trustee hereunder.

Water Contractor

"Water Contractor" means any entity with which the Agency has contracted to deliver water from the Transmission System.

Water Supply Agreement

"Water Supply Agreement" means, collectively, the Restructured Water Supply Agreement, the MMWD Water Supply Agreement, and any other agreement or contract for the delivery of water from the Transmission System between the Agency and any Water Contractor.

Article II The Bonds

Section 2.01. Authorization.

Bonds and Subordinate Bonds of the Agency may be issued under and subject to the terms of this Master Ordinance from time to time as the issuance thereof is authorized by the Board by the adoption of a Supplemental Ordinance, or in the case of Refunding Bonds issued pursuant to Section 3.05, by a Supplemental Ordinance or Supplemental Resolution adopted by the Board. The Bonds and Subordinate Bonds may be designated as determined in such Supplemental Ordinance. The Bonds and Subordinate Bonds may be issued in such Series as from time to time shall be established and authorized by the Board by Supplemental Ordinance, subject to the conditions and limitations herein contained.

Section 2.02. Terms of Bonds and Subordinate Bonds.

The Bonds or Subordinate Bonds of each Series shall bear interest at such rate or rates as may be fixed by the Board or an authorized representative of the Agency acting pursuant to direction of the Board at the time of sale thereof, not to exceed 12% per annum or the maximum rate of interest then permitted by the Act or any other law then applicable to the Agency, whichever is less, and shall mature and become payable on such dates and in such year or years as the Board may determine by the Supplemental Ordinance creating such Series, subject, except in the case of Refunding Bonds, to the provisions of Section 3.01.

Interest on the Bonds or Subordinate Bonds of each Series shall be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds or Subordinate Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the Bonds or Subordinate Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds or Subordinate Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on Bonds or Subordinate Bonds shall be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds and Subordinate Bonds shall be payable in lawful money of the United States of America.

The Bonds or Subordinate Bonds of any Series shall be issued in fully registered form in denominations of \$5,000 or any multiple of \$5,000.

Each fully registered Bond or Subordinate Bond of any Series shall bear interest from the interest payment date next preceding the date of registration and authentication thereof

unless it is registered as of an interest payment date, in which event it shall bear interest from the date thereof, or unless it is registered prior to the first interest payment date, in which event it shall bear interest from its date.

The Board hereby directs that there shall be included in each of the Bonds or Subordinate Bonds a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that Bond or Subordinate Bonds, and in the issuing of said Bond or Subordinate Bonds, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that said Bonds or Subordinate Bonds, together with all other Indebtedness of the Agency, is within every debt and other limit prescribed by the Constitution and statutes of the State of California, and such certification and recital shall be in substantially the form set forth in the forms of Bonds and Subordinate Bonds prescribed in Section 2.03. From and after the issuance of the Bonds or Subordinate Bonds of any Series, the findings and determinations of the Board respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds or Subordinate Bonds is at issue, and no bona fide purchaser of any such Bond or Subordinate Bond containing the foregoing certification and recital shall be required to see to the existence of any fact, or to the performance of any condition, or the taking of any proceeding, required prior to such issue, or to the application of the purchase price paid for such Bonds or Subordinate Bonds. Each Series of Bonds or Subordinate Bonds shall be deemed to be issued, within the meaning of this Master Ordinance, whenever the definitive Bonds or Subordinate Bonds, or any temporary Bonds or Subordinate Bonds exchangeable therefor, have been delivered to the purchasers thereof, and the purchase price thereof received, or in the case of Bonds or Subordinate Bonds to be refunded through exchange, whenever such exchange has been made.

On the Closing Date for each Series of Bonds or Subordinate Bonds, the Agency shall execute a certificate in the substantially the form attached hereto as Exhibit A, as modified by the Supplemental Ordinance under which such Series of Bonds or Subordinate Bonds is issued, setting forth the deposits and disbursements of proceeds to be made under such Supplemental Ordinance, the final maturity schedule, interest rates, and redemption features relating to such Series of Bonds or Subordinate Bonds, and any necessary corrections to such Supplemental Ordinance, which shall be deemed to be part of this Master Ordinance.

Section 2.03. Form of Bonds and Subordinate Bonds.

The fully registered Bonds or Subordinate Bonds and the form of Trustee's certificate of authentication and registration and assignment to appear thereon shall be in substantially the form set forth in Exhibit B hereto, with such variations, omissions and insertions, due to differences in various Series of the Bonds or Subordinate Bonds with respect to designation, dates, redemption provisions and other provisions, as may be required or permitted by any law then in effect, this Master Ordinance and the Supplemental Ordinance under which such Bonds or Subordinate Bonds are issued.

Section 2.04. Execution of Bonds and Subordinate Bonds.

All of the Bonds and Subordinate Bonds shall be executed in the name and on behalf of the Agency and under its seal, with the manual or facsimile signature of the Chairman and the Treasurer and the manual or facsimile countersignature of the Clerk. The seal of the Agency may be impressed or reproduced by facsimile on the Bonds.

If any such officer whose signature or countersignature appears on the Bonds or Subordinate Bonds ceases to be such officer before the Bonds or Subordinate Bonds so signed have been authenticated or delivered, such signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until the delivery of the Bonds or Subordinate Bonds, and such Bonds or Subordinate Bonds shall be issued and outstanding hereunder and shall be binding upon the Agency as though the person who signed such Bonds or Subordinate Bonds had been such official on the date borne by the Bonds or Subordinate Bonds and on the date of delivery. Also, any Bond or Subordinate Bond may be signed and sealed on behalf of the Agency by such person as at the actual date of execution of such Bond or Subordinate Bond was the Chairman or Treasurer or Secretary, as the case may be, although on the date borne by such Bond or Subordinate Bond such person was not such official.

Only such Bonds or Subordinate Bonds as bear thereon a certificate of authentication in the form hereinbefore recited, executed by the Trustee, shall be or become valid or obligatory for any purpose or entitled to the benefits of this Master Ordinance. Such certificate of the Trustee shall be conclusive evidence that the Bonds or Subordinate Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Master Ordinance.

Section 2.05. Transfer of Fully Registered Bonds or Subordinate Bonds.

Any Bond or Subordinate Bond may, in accordance with its terms, be transferred upon the Bond Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond or Subordinate Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond or Subordinate Bond is surrendered for transfer, the Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds, or Subordinate Bond or Bonds, of like tenor, maturity and aggregate principal amount. No Bonds or Subordinate Bonds, the notice of redemption of which has been mailed pursuant to Section 4.03, shall be subject to transfer pursuant to this Section.

Section 2.06. Exchange of Bonds or Subordinate Bonds.

Bonds and Subordinate Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for Bonds or Subordinate Bonds of the same tenor and maturity and of other authorized denominations. No Bonds or Subordinate Bonds, the notice of redemption of which has been mailed pursuant to Section 4.03, shall be subject to exchange pursuant to this Section.

Section 2.07. Bond Registration Books.

The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the Bonds and Subordinate Bonds, which shall at all times during regular business hours and upon reasonable prior notice be open to inspection by the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds or Subordinate Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds and Subordinate Bonds.

The Bonds and Subordinate Bonds may be issued initially in temporary form exchangeable for definitive Bonds or Subordinate Bonds when ready for delivery. The temporary Bonds or Subordinate Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency and may contain such reference to any of the provisions of this Master Ordinance as may be appropriate. Every temporary Bond or Subordinate Bond shall be executed by the Agency and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds or Subordinate Bonds. If the Agency issues temporary Bonds or Subordinate Bonds, it will execute and furnish definitive Bonds or Subordinate Bonds without delay, and thereupon the temporary Bonds or Subordinate Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds or Subordinate Bonds an equal aggregate principal amount of definitive Bonds or Subordinate Bonds of authorized denominations. Until so exchanged, the temporary Bonds or Subordinate Bonds shall be entitled to the same benefits under this Master Ordinance as definitive Bonds or Subordinate Bonds authenticated and delivered hereunder.

Section 2.09. Bonds or Subordinate Bonds Mutilated, Lost, Destroyed or Stolen.

If any Bond or Subordinate Bond becomes mutilated, the Agency, at the expense of the Owner of said Bond or Subordinate Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond or Subordinate Bond of like maturity and principal amount in exchange and substitution for the Bond or Subordinate Bond so mutilated, but only upon surrender to the Trustee of the Bond or Subordinate Bond so mutilated. Every mutilated Bond or Subordinate Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Agency.

If any Bond or Subordinate Bond issued hereunder is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them has been given, the Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond or Subordinate Bond of like maturity and principal amount in lieu of and in substitution for the Bond or Subordinate Bond so lost, destroyed or stolen (or if any such Bond or Subordinate Bond has matured or has been called for redemption, instead of issuing a

substitute Bond or Subordinate Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee).

The Agency may require payment of a reasonable fee for each new Bond or Subordinate Bond issued under this Section and of the expenses which may be incurred by the Agency and the Trustee. Any Bond or Subordinate Bond issued under the provisions of this Section in lieu of any Bond or Subordinate Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Agency whether or not the Bond or Subordinate Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Master Ordinance with all other Bonds or Subordinate Bonds secured by this Master Ordinance.

Section 2.10. Book Entry System.

(a) **Original Delivery.** The Bonds and Subordinate Bonds shall be initially delivered in the form of a separate single fully registered Bond or Subordinate Bond (which may be typewritten) for each maturity of the Bonds and Subordinate Bonds. Upon initial delivery, the ownership of each such Bond or and Subordinate Bond shall be registered on the Bond Registration Books maintained by the Trustee pursuant to Section 2.07 hereof in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds and Subordinate Bonds shall be registered in the name of the Nominee on such Bond Registration Books.

With respect to Bonds and Subordinate Bonds the ownership of which is registered in the name of the Nominee, the Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Agency holds an interest in the Bonds and Subordinate Bonds. Without limiting the generality of the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds and Subordinate Bonds, (ii) the delivery to any Depository System Participant or any other person, other than an Owner as shown in the Registration Books, of any notice with respect to the Bonds or Subordinate Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds or Subordinate Bonds to be redeemed if the Agency elects to redeem the Bonds or Subordinate Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than an Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds or Subordinate Bonds. The Agency and the Trustee may treat and consider the person in whose name each Bond or Subordinate Bond is registered as the absolute owner of such Bond or Subordinate Bond for the purpose of payment of principal, premium, if any, and interest represented by such Bond or Subordinate Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond or Subordinate Bond, for the purpose of registering transfers of ownership of such Bond or Subordinate Bond, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Bonds and Subordinate Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to

payment of principal, interest and premium, if any, represented by the Bonds or Subordinate Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Bond or Subordinate Bond evidencing the obligation of the Agency to make payments of principal, interest and premium, if any, pursuant to this Master Ordinance. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Agency shall promptly deliver a copy of the same to the Trustee.

(b) **Representation Letter.** In order to qualify the Bonds and Subordinate Bonds for the Depository's book-entry system, the Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds and Subordinate Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds or Subordinate Bonds other than the Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Agency may take any other actions, not inconsistent with this Master Ordinance, to qualify the Bonds and Subordinate Bonds for the Depository's book-entry program.

(c) **Transfers Outside Book-Entry System.** If either the Depository determines not to continue to act as Depository for the Bonds or Subordinate Bonds, or the Agency determines to terminate the Depository as such, then the Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Agency and the Trustee in the execution of replacement Bonds or Subordinate Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds or Subordinate Bonds, and by surrendering the Bonds or Subordinate Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds or Subordinate Bonds are to be issued. The Depository, by accepting delivery of the Bonds and Subordinate Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Agency fails to identify another Securities Depository to replace the Depository, then the Bonds or Subordinate Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds or Subordinate Bond may designate, in accordance with the provisions hereof.

If the Agency determines that it is in the best interests of the beneficial owners of the Bonds or Subordinate Bonds that they be able to obtain certificated Bonds or Subordinate Bonds, the Agency may notify the Depository System Participants of the availability of such certificated Bonds or Subordinate Bonds through the Depository. In such event the Trustee will execute, transfer and exchange Bonds or Subordinate Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Agency shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds or Subordinate Bonds to any Depository

System Participant having Bonds or Subordinate Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds or Subordinate Bonds, all at the Agency's expense.

(d) **Payments to the Nominee.** Notwithstanding any other provision of this Master Ordinance to the contrary, so long as any Bond or Subordinate Bond is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Bond or Subordinate Bond and all notices with respect to such Bond or Subordinate Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Article III
Issuance of Bonds, Subordinate Bonds, Refunding Bonds and Parity Obligations

Section 3.01. Issuance of Bonds.

For the purpose of providing funds to refinance the Improvements or extensions of existing facilities, the acquisition, construction, and completion of the Transmission System or any part thereof, the Agency may from time to time issue Bonds under a Supplemental Ordinance that may establish one or more Series of Bonds, and may issue and deliver Bonds of any Series so established, in such principal amount and on such terms as shall be determined by the Board, but only subject to the following specific conditions:

(a) The Agency shall be in compliance with all covenants set forth in the Master Ordinance and any Supplemental Ordinance.

(b) The Net Revenues, calculated on generally acceptable accounting principles as applicable to governmental entities, as shown by the books of the Agency for the latest Fiscal Year or any more recent 12-month period selected by the Agency ending not more than 60 days prior to the adoption of the Supplemental Ordinance pursuant to which such Bonds are issued, as shown by the books of the Agency, plus, at the option of the Agency, any or all Additional Revenues, shall at least equal 115% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Bonds.

(c) Except in the case of Refunding Bonds, a certificate of an independent certified public accountant or independent engineer that the requirements set forth in paragraph (b) above have been met, which shall be filed at the sale of such Series of Bonds (but prior to the delivery thereof and receipt of payment therefore) and shall, with respect to such Series of Bonds, be based upon the actual interest rate or rates determined at the time of sale thereof.

(d) Before the delivery of any such Series of Bonds to the purchaser thereof, the Agency shall file the following documents with the Trustee: (i) a certified copy of the Supplemental Ordinance authorizing such Series of Bonds, and (ii) an opinion of counsel to the effect that such Series of Bonds has been duly authorized in conformity with the Act, this Master Ordinance and such Supplemental Ordinance.

Section 3.02. Issuance of Subordinate Bonds.

For the purpose of providing funds to finance the Improvements or extensions of existing facilities, the acquisition, construction, and completion of the Transmission System or any part thereof, the Agency may from time to time issue Subordinate Bonds under a Supplemental Ordinance that may establish one or more Series of Subordinate Bonds, and may issue and deliver Subordinate Bonds of any Series so established, in such principal amount and on such terms as shall be determined by the Board, but only subject to the following specific conditions:

(a) The Agency shall be in compliance with all covenants set forth in the Master Ordinance and any Supplemental Ordinance.

(b) Except in the case of Subordinate Bonds issued as Refunding Bonds, a certificate of an independent certified public accountant or independent engineer that the requirements set forth in paragraph (b) above have been met, which shall be filed at the sale of such Series of Subordinate Bonds (but prior to the delivery thereof and receipt of payment therefore) and shall, with respect to such Series of Subordinate Bonds, be based upon the actual interest rate or rates determined at the time of sale thereof.

(c) Before the delivery of any such Series of Subordinate Bonds to the purchaser thereof, the Agency shall file the following documents with the Trustee: (i) a certified copy of the Supplemental Ordinance authorizing such Series of Subordinate Bonds, and (ii) an opinion of counsel to the effect that such Series of Subordinate Bonds has been duly authorized in conformity with the Act, this Master Ordinance and such Supplemental Ordinance.

Section 3.03. Deposit of Proceeds of Sale of Bonds

(a) The proceeds of the sale of any Series of Bonds or Subordinate Bonds (other than Refunding Bonds) shall be placed in a separate account in the treasury of the Agency to be held within the "Revenue Construction Fund" (herein called the "Construction Fund"), which the Treasurer is directed to establish and maintain, and within which the Treasurer shall establish one or more accounts pursuant to a Supplemental Ordinance for the deposit of the proceeds of a Series of Bonds or Subordinate Bonds. Moneys on deposit in the Construction Fund shall be used exclusively for the objects and purposes set forth in this Master Ordinance and such Supplemental Ordinance, and shall be disbursed by the Treasurer as provided in Section 3.04 hereof and such Supplemental Ordinance.

(b) The proceeds of the sale of any series of Bonds or Subordinate Bonds issued as Refunding Bonds shall be placed in the Redemption Account of the Debt Service Fund and administered in accordance with Section 5.06 hereof and the Supplemental Ordinance issuing such series of Refunding Bonds. Within the Redemption Account, the Trustee shall establish one or more accounts pursuant to the Supplemental Ordinance under which the Refunding Bonds were issued for the deposit of the proceeds of such Refunding Bonds.

Section 3.04. Application of Construction Fund

(a) The moneys in the Construction Fund and the Redemption Fund shall be used in the manner provided by law, by this Master Ordinance and by the Supplemental Ordinance issuing a Series of Bonds for the purposes for which such Bonds are authorized to be issued (including reimbursement to the Agency for funds of the Agency applied to such purpose prior to the issuance of the Bonds of any Series to the extent permitted by law) and also, to the extent permitted by law, to the payment of principal of and interest on such Series of Bonds.

(b) The Treasurer shall pay out monies from the Construction Fund upon requisitions drawn thereon in the manner provided by law. No withdrawals shall be made from the Construction Fund for any purpose not authorized by law. The Treasurer shall maintain

records pertaining to the Construction Fund and all disbursements therefor, including all requisitions therefrom.

(c) Not more than 60 days after the completion of the Improvements for which a Series of Bonds or Series of Subordinate Bonds is issued, any balance remaining in the Construction Fund may at the option of the Agency be applied to one or more of the following purposes:

- (i) for the acquisition and construction of additional Improvements designated by the Agency without further action by the Board,
- (ii) to defease a portion of such Series of Bonds or Series of Subordinate Bonds to the earliest redemption date permitted by the Supplemental Ordinance under which such Series of Bonds or Series of Subordinate Bonds is issued,
- (iii) if and to the extent set forth in the Supplemental Ordinance under which such Series of Bonds or Series of Subordinate Bonds is issued, to cause the partial redemption of such Series of Bonds or Series of Subordinate Bonds, upon the terms and conditions set forth in such Supplemental Ordinance,
- (iv) if and to the extent set forth in the Supplemental Ordinance under which such Series of Bonds or Series of Subordinate Bonds is issued, to purchase a portion of such Series of Bonds or Series of Subordinate Bonds on the open market at prices not in excess of 100% of the principal amount of such Series of Bonds or Series of Subordinate Bonds being purchased, upon the terms and conditions set forth in such Supplemental Ordinance, or
- (v) for any other purpose determined by the Agency, provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and, if such Series of Bonds or Series of Subordinate Bonds has been issued on a federally tax-exempt basis, that such use will not cause interest on such Series of Bonds or Series of Subordinate Bonds to be included in gross income for federal income tax purposes.

Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by this Master Ordinance, provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not require that interest on the Bonds be included in gross income for federal income tax purposes.

Section 3.05. Issuance of Refunding Bonds.

For the purpose of providing funds to refinance the Improvements, the Agency may from time to time issue Refunding Bonds in order to defease, redeem and prepay any Outstanding, Subordinate Bonds or Parity Obligations. All Refunding Bonds shall be issued under a Supplemental Ordinance or Supplemental Resolution that may establish one or more Series of Refunding Bonds, and may issue and deliver Refunding Bonds of any Series so

established, in such principal amount and on such terms as shall be determined by the Board, but only subject to the following specific conditions:

(a) The Agency shall be in compliance with all covenants set forth in the Master Ordinance and any Supplemental Ordinance; provided, however, that Refunding Bonds may be issued in order to defease, redeem and prepay all of any series of defaulted Bonds, Refunding Bonds or Parity Obligations that are then in default.

(b) The Agency shall issue any Series of Refunding Bonds in such original principal amount as will satisfy the Agency's then-current debt issuance policies for refinancing of debt.

(c) The Agency shall deposit with the Trustee either instructions to the Trustee to give the notice of redemption, as provided in Article IV, or a waiver of the notice of redemption required by Article IV signed by the Owners of all of the Bonds or Subordinate Bonds to be redeemed, or proof that such notice has been duly given by the Agency, provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Agency may cause to be deposited with the Trustee all of the Bonds proposed to be redeemed (whether cancelled or uncanceled, or accompanied by proper instruments of assignment and transfer), with instructions expressed to be irrevocable to the Trustee to cancel said Bonds so to be redeemed upon the exchange and delivery of said Refunding Bonds therefor.

(d) Before the delivery of any such Series of Refunding Bonds to the purchaser thereof, the Agency shall file the following documents with the Trustee: (i) a certified copy of the Supplemental Ordinance authorizing such Series of Refunding Bonds, and (ii) an opinion of counsel to the effect that such Series of Refunding Bonds has been duly authorized in conformity with the Act, this Master Ordinance and such Supplemental Ordinance.

The proceeds of the sale of the Refunding Bonds shall be applied by the Trustee to the defeasance, redemption and prepayment of the outstanding Bonds, Subordinate Bonds or Parity Obligations for which said Refunding Bonds are issued. All Bonds, Subordinate Bonds or Parity Obligations defeased, redeemed or prepaid shall be forthwith cancelled by the Trustee and shall not be reissued.

Section 3.06. Issuance of Parity Obligations.

In addition to the Bonds, the Agency may, by Parity Obligations Instrument, issue or incur Parity Obligations payable from Net Revenues to be derived from the Transmission System, to provide financing for the Transmission System, in such principal amount as shall be determined by the Agency. The Agency may issue or incur any such Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(a) The Agency shall be in compliance with all covenants set forth in this Master Ordinance.

(b) The Net Revenues, calculated on generally acceptable accounting principles as applicable to governmental entities, as shown by the books of the Agency for the latest Fiscal Year or any more recent 12-month period selected by the Agency ending not more than 60 days prior to the adoption of the Parity Obligations Instrument pursuant to which such Parity Obligations are issued, as shown by the books of the Agency, plus, at the option of the Agency, any or all Additional Revenues, shall at least equal 115% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations.

(c) The Parity Obligations Instrument providing for the issuance of such Parity Obligations under this Section shall provide as follows:

(i) The proceeds of such Parity Obligations shall be applied to the acquisition and construction of Improvements, or for the purpose of refunding any Bonds, Subordinate Bonds or Outstanding Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the Agency deems necessary or advisable) relating thereto.

(ii) Money may, but need not, be deposited in a debt service reserve account for such Parity Obligations from the proceeds of the sale of such Parity Obligations if required under the Parity Obligations Instrument under which such Parity Obligations are issued or incurred; provided however, that such debt service reserve account shall only secure such Parity Obligations and shall not secure the Bonds.

Section 3.07. Issuance of Subordinate Obligations.

For the purpose of providing funds to finance the Improvements or extensions of existing facilities, the acquisition, construction, and completion of the Transmission System or any part thereof, the Agency may from time to time issue Subordinate Obligations under a Supplemental Obligations Instrument that may establish one or more Subordinate Obligations, and may issue and deliver Subordinate Obligations so established, in such principal amount and on such terms as shall be determined by the Board, but only subject to the following specific conditions:

(a) The Agency shall be in compliance with all covenants set forth in this Master Ordinance.

(b) The Subordinate Obligations Instrument providing for the issuance of such Subordinate Obligations under this Section shall provide as follows:

(i) The proceeds of such Subordinate Obligations shall be applied to the acquisition and construction of Improvements, or for the purpose of refunding any Outstanding Bonds, Subordinate Bonds, Parity Obligations or Subordinate Obligations in whole or in part, including all costs (including costs of issuing such Subordinate Obligations and including capitalized interest on such Subordinate Obligations during any period which the Agency deems necessary or advisable) relating thereto.

(ii) Money may, but need not, be deposited in a debt service reserve account for such Subordinate Obligations from the proceeds of the sale of such Subordinate Obligations if required under the Subordinate Obligations Instrument under which such Subordinate Obligations are issued or incurred; provided however, that such debt service reserve account shall only secure such Subordinate Obligations and shall not secure the Bonds.

Section 3.08. State Loans.

The Agency hereby pledges a lien upon its Net Revenues, pursuant to Section 5.01, to secure the existing 2002 State Loan as a Parity Obligation.

Section 3.09. Other Indebtedness.

Nothing in this Master Ordinance shall prohibit or impair the authority of the Agency to issue general obligation bonds authorized pursuant to the requisite approval by voters and secured by ad valorem property taxes levied by the County on behalf of the Agency, or any other obligations secured by any source of funds other than Revenues or Net Revenues.

Section 3.10. Validity of Bonds.

The validity of the authorization and issuance of any of the Bonds or Subordinate Bonds shall not be dependent on or affected in any way by

- (a) any proceedings taken by the Agency for the acquisition, construction or completion of the Transmission System or any part thereof, or
- (b) any contracts made by the Agency in connection therewith, or
- (c) the failure to complete any or all improvements to the Transmission System, or any part thereof.

The recital contained in the Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance and all such Bonds shall be incontestable from and after the time of payment to the Agency of the purchase price thereof.

Article IV
Redemption of Bonds

Section 4.01. Terms of Redemption.

Any Series of Bonds may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof plus such premium or premiums, if any, determined to be in the best interest of the Agency and as set forth in the Supplemental Ordinance under which such Series of Bonds is issued.

Section 4.02. Selection of Bonds for Redemption.

Whenever provision is made in any Supplemental Ordinance for the redemption of any Series of Bonds or portion thereof by lot and less than all of the Bonds of such Series or portion thereof are called for redemption, the Agency shall direct the order of redemption, and if the Agency fails, the Trustee shall select the Bonds to be redeemed, from the outstanding Bonds of such Series or portion thereof not-previously called for redemption, by lot in any manner which the Trustee deems fair. The Trustee shall promptly notify the Agency in writing of the numbers of the Bonds so selected for redemption.

Section 4.03. Notice of Redemption.

Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the Agency, by the Trustee by mailing a copy of a redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds.

Section 4.04. Contents of Notice.

All notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the Redemption Price,
- (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (iv) that on the redemption date the Redemption Price will become due and payable with respect to each such Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, and

(v) the place or places where such Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Principal Corporate Trust Office of the Trustee.

Section 4.05. Deposit of Money.

At least one day prior to any redemption date, the Agency shall deposit with the Trustee, for deposit in the Redemption Account of the Debt Service Fund, an amount of money sufficient to pay the Redemption Price of all the Bonds or portion of Bonds which are to be redeemed on that date.

Section 4.06. Consequences of Notice.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Agency defaults in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to have interest accrue thereon. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal. All Bonds that have been redeemed shall be canceled and destroyed by the Trustee and shall not be redelivered. Neither the failure of any Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Bonds or the cessation of accrual of interest thereon.

Section 4.07. Additional Notice.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (B) the stated interest rate with respect to each Bond being redeemed; (C) the maturity date of each Bond being redeemed; and (D) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amount of instruments of types comprising the Bonds, and, on the date notice is mailed to Owners, to one or more Information Services.

(iii) Upon the payment of the Redemption Price of the Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 4.08. Partial Redemption of Bonds.

In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond redeemed in part only, the Agency shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the Agency, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Section 4.09. Purchase of Bonds in Lieu of Redemption.

In lieu of redemption of Bonds as provided in subsection (a) above, amounts in the Redemption Account of the Debt Service Fund may also be used and withdrawn by the Trustee at any time, upon the Request of the Agency filed with the Trustee, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Debt Service Fund) as the Agency may in its discretion determine, but not to exceed the principal amount of such Bonds plus the redemption premium applicable on the next ensuing optional redemption date. The Agency shall, at the time of any such purchase, pay to the Trustee for deposit in the Debt Service Fund the amount of any deficiency in such Fund which may be caused by such purchase.

All Bonds redeemed pursuant to this Section and all Bonds purchased by the Agency pursuant to this subsection (d) shall be cancelled and destroyed pursuant to Section 16.09.

Article V Revenues and Funds

Section 5.01. Pledge of Net Revenues; Agency Fund.

(a) The Agency hereby, for the benefit of the Owners, places a lien upon that portion of the Net Revenues which is necessary to pay the principal (including Sinking Fund Installments) of and interest on the Bonds in any Fiscal Year, together with all moneys on deposit in the Debt Service Fund, and such portion of the Net Revenues is hereby irrevocably pledged to the punctual payment of the principal (including Sinking Fund Installments) of and interest on the Bonds, on a parity with the lien and pledge securing Outstanding Parity Obligations. The Net Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding, except that out of Net Revenues there may be apportioned and paid debt service on Parity Obligations and such sums for such purposes as are expressly permitted by this Article. Said pledge shall constitute a first, direct and exclusive charge and lien on the Net Revenues, for the payment of the principal (including Sinking Fund Installments) of and interest on the Bonds in accordance with the terms thereof.

(b) The Net Revenues constitute a trust fund for the security and payment of the principal (including Sinking Fund Installments) of and interest on the Bonds. The general fund of the Agency is not liable and the credit or taxing power of the Agency is not pledged for the payment of the principal (including Sinking Fund Installments) of and interest on the Bonds. The Owners of the Bonds shall not compel the exercise of the taxing power by the Agency or the forfeiture of its property, or upon any of its income, receipts, or revenues except the Net Revenues. The Net Revenues shall immediately be subject to the pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the Net Revenues and be effective, binding, and enforceable against the pledgor, its successors, purchasers of the Net Revenues, creditors, and all others asserting the rights therein, to the extent set forth, and in accordance with, the Master Ordinance irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act.

Section 5.02. Receipt and Deposit of Revenues.

The Agency covenants and agrees that all Revenues, when and as received, will be received and held by the Agency in trust hereunder and will be deposited by the Agency in a fund to be established by the Treasurer and designated as the "Agency Fund." The Revenues will be accounted for through and held in trust in the Agency Fund and the Agency shall only have such beneficial right or interest in any of such money as in this Master Ordinance provided. All such Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes hereinafter in this Article set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

Section 5.03. Establishment of Funds and Accounts and Allocation of Revenues thereto.

The Debt Service Fund, as a special fund, and the Redemption Account and the Reserve Account, as special accounts therein, are hereby created.

The Debt Service Fund and the Redemption Account and the Reserve Account, if required, shall be held and maintained by the Trustee.

All Revenues shall be held in trust by the Treasurer in the Agency Fund and shall be applied, transferred, used and withdrawn only for the purposes hereinafter authorized in this Article. Provided, however, if the Agency issues Bonds under this Master Ordinance, it may establish such further Funds and Accounts pursuant to a Supplemental Ordinance or Parity Obligations Instrument so long as Bonds and Parity Obligations maintain a lien on Net Revenues senior to the lien of Subordinate Bonds and Subordinate Obligations. The Treasurer shall apply, transfer, use and withdraw amounts in the Agency Fund in the following order of priority:

(1) **Transfers to Pay Maintenance and Operation Costs.** The Treasurer shall first pay from the moneys in the Agency Fund the budgeted Maintenance and Operation Costs as such Maintenance and Operation Costs become due and payable.

(2) **Transfers to Pay Parity Debt Service.** The Treasurer shall make the following transfers from the Agency Fund to pay Debt Service on the Outstanding Bonds and Parity Obligations without priority or preference:

(i) On or before the second Business Day prior to each Interest Payment Date, beginning as provided in the Supplemental Ordinance issuing a particular Series of Bonds, the Treasurer shall transfer to the Trustee for deposit in the Debt Service Fund an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date.

(ii) On or before the second Business Day prior to each Principal Installment Date, beginning as provided in the Supplemental Ordinance issuing a particular Series of Bonds, an amount equal to the aggregate amount of Principal Installments (including any Sinking Fund Installments) becoming due and payable on all Outstanding Bonds on the next succeeding Principal Installment Date.

(iii) On or before the second Business Day prior to each payment date on Parity Obligations, beginning as provided in the Parity Obligations Instrument issuing a particular series of Parity Obligations, an amount equal to the aggregate amount of interest or principal becoming due and payable on all Outstanding Parity Obligations on the next succeeding payment date established by each respective Parity Obligations Instrument.

All interest earnings and profits or losses on the investment of amounts in the Debt Service Fund shall be deposited in or charged to the Debt Service Fund and applied to the purposes thereof. No transfer and deposit need be made into the Debt Service Fund if the amount contained therein, taking into account investment earnings and profits, is at least equal to the Interest Requirement or Principal Installments to become due on the next Interest Payment Date or Principal Installment Date upon all Outstanding Bonds.

(3) **Transfers to Parity Reserve Account.** After making the payments, allocations and transfers provided for in subsections (1) and (2) above, if the Supplemental

Ordinance for a particular Series of Bonds requires a Reserve Account, then if the balance in the Reserve Account is less than the Reserve Requirement for that particular Series of Bonds, the deficiency shall be restored by transfers from the first moneys which become available in the Agency Fund to the Trustee for deposit in the Reserve Account, pro rata among each Series, such transfers to be made no later than the times provided in Section 5.08(a) provided the Agency shall first apply available monies to reinstate the Qualified Surety Bond in full prior to replenishing cash held in the Reserve Account.

(4) **Financial Product Agreements for Parity Obligations.** After making the payments, allocations and transfers provided for in subsection (1) through (3) above, the Treasurer shall transfer to the provider under the Financial Product Agreement any amounts due under the Financial Product Agreement.

(5) **Subordinate Debt Service Fund.** After making the payments, allocation, and transfers provided for in Sections (1) through (4) above, on or before the second Business Day prior to each Interest Payment Date, beginning as provided in the Supplemental Ordinance issuing a Series of Subordinate Bonds, the Treasurer shall transfer from the Agency Fund to the Trustee for deposit in the Subordinate Debt Service Fund (i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Subordinate Bonds on the next succeeding Interest Payment Date, plus (ii) on or before the second Business Day prior to each Principal Installment Date, beginning as provided in the Supplemental Ordinance issuing each Series of Subordinate Bonds, an amount equal to the aggregate amount of Principal Installments (including any Sinking Fund Installments) becoming due and payable on all Outstanding Bonds on the next succeeding Principal Installment Date. All interest earnings and profits or losses on the investment of amounts in the Subordinate Debt Service Fund shall be deposited in or charged to the Subordinate Debt Service Fund and applied to the purposes thereof. No transfer and deposit need be made into the Subordinate Debt Service Fund if the amount contained therein, taking into account investment earnings and profits, is at least equal to the Interest Requirement or Principal Installments to become due on the next Interest Payment Date or Principal Installment Date upon all Outstanding Bonds.

(6) **Subordinate Reserve Account.** After making the payments, allocations and transfers provided for in subsections (1) and (5) above, if the Supplemental Ordinance issuing a Series of Subordinate Bonds requires a Subordinate Reserve Account, then if the balance in the Subordinate Reserve Account is less than the Subordinate Reserve Requirement, the deficiency shall be restored by transfers from the first moneys which become available in the Agency Fund to the Trustee for deposit in the Subordinate Reserve Account, such transfers to be made no later than the times provided in Section 5.08(a).

(7) **Financial Product Agreements for Subordinate Obligations.** After making the payments, allocations and transfers provided for in subsection (1) through (6) above, the Treasurer shall transfer to the provider under any Financial Product Agreement for Subordinate Obligations any amounts due under such Financial Product Agreement

(8) **Surplus.** As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above in subsections (1) to (7),

inclusive, any moneys remaining in the Agency Fund may at any time be treated as surplus and applied for any lawful purpose.

Section 5.04. Application of Debt Service Fund.

(a) The Trustee shall withdraw from the Debt Service Fund, prior to each Interest Payment Date, an amount equal to the Interest Requirement payable on such Interest Payment Date, and shall cause the same to be applied to the payment of said interest when due and is hereby authorized to apply the same to the principal of such interest by check or draft (or by wire transfer, as the case may be).

(b) The Trustee shall withdraw from the Debt Service Fund, prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Serial Bonds, if any, maturing on said Principal Installment Date and any Sinking Fund Installments due and payable on said Principal Installment Date, and shall cause the same to be applied to the payment of the principal of said Bonds when due and is hereby authorized to apply the same to such payment upon presentation and surrender of the Bonds as they become due and payable.

(c) All withdrawals and transfers under the provisions of subsection (a) or subsection (b) of this Section shall be made not earlier than one day prior to the Interest Payment Date or Principal Installment Date to which they relate, and the amount so withdrawn or transferred shall, for the purposes of this Master Ordinance, be deemed to remain in and be part of the appropriate Account until such Interest Payment Date or Principal Installment Date.

Section 5.05. Application of Reserve Account.

(a) **In General.** If at any time there shall not be sufficient amounts in the Debt Service Fund to make payment of Principal Installments or Redemption Price of or interest on the Bonds, the Trustee shall provide notice of such fact to the Agency (provided that no such notice shall be required to be given with respect to a withdrawal of amounts in excess of the Reserve Requirement or of withdrawals in connection with the refunding of the Bonds in whole or in part) and draw on the Reserve Account, if any, and pay into the appropriate Fund or Account the amount of the deficiency. Any amounts in the Reserve Account in excess of the Reserve Requirement (whether derived from interest or gain on investment or otherwise) shall, on the date provided in the Supplemental Ordinance authorizing that Series of Bonds, be paid by the Trustee to the Agency for deposit in the Agency Fund.

(b) **Qualified Surety Bond.** In the event the Agency satisfies the Reserve Requirement, if any, by delivering to the Trustee a Qualified Surety Bond, such Qualified Surety Bond, and any subsequent Qualified Surety Bond, shall provide that the Trustee is entitled to draw amounts thereunder by tendering to the Qualified Provider at least three days prior to an Interest Payment Date a demand for payment under the Qualified Surety Bond and to make transfers from the Reserve Account to the Debt Service Fund in the event of a deficiency in any such account, provided that, in any such event, the Trustee shall first apply to any such deficiency the amount of cash (including cash represented by investments) then on deposit in the Reserve Account. The Trustee shall maintain records, verified with the Qualified Provider as to

the amount available to be drawn under the Qualified Surety Bond and as to the amounts paid and owing the Qualified Provider.

(c) **Cash to the Agency.** To the extent that the Reserve Requirement has been satisfied by delivery of a Qualified Surety Bond under Section 5.05(b), any cash or Authorized Investments on deposit in the Reserve Account shall be transferred by the Trustee to the Agency free and clear of any lien created by this Master Ordinance, and may be used by the Agency for any lawful purpose.

Section 5.06. Application of Redemption Account.

The net proceeds of any Refunding Bonds shall be deposited in the Redemption Account pursuant to Section 3.03. In addition, the Agency may make additional deposits into the Redemption Account at any time, from any legally available source of funds, for the purpose of redeeming Outstanding Bonds.

If the Agency has designated all or a portion of Outstanding Bonds for redemption and funds are on deposit in the Redemption Account for the purpose of redeeming such Bonds, and if the Trustee has provided Owners with notice of redemption under Article IV hereof, amounts in the Redemption Account shall be applied by the Trustee solely for the purpose of paying the Redemption price of Bonds to be redeemed and to pay the purchase price in the same manner and subject to the same limitation as purchasers of Bonds under Section 4.09. If after all of the Bonds have been paid or deemed to have been paid, there are moneys remaining in the Redemption Account, such moneys shall be transferred by the Trustee to the Debt Service Fund.

Section 5.07. Investments.

All moneys in the Agency Fund may be invested by the Treasurer from time to time in any investments authorized by law, consistent with the Sonoma County investment policy. All moneys in the Debt Service Fund and Reserve Account shall be invested by the Trustee solely in Authorized Investments, as directed by the Treasurer, provided all such Authorized Investments shall mature within five years unless a longer term is approved by each Municipal Bond Insurer, as directed pursuant to a Request of the Agency. In the absence of any such direction of the Treasurer, the Trustee shall invest any such moneys in Authorized Investments as defined by clause (4) of such definition; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the Treasurer specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. All moneys in the Cost of Issuance Fund and Construction Fund held by the Treasurer shall be invested by the Treasurer solely in Authorized Investments. Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, and all interest or gain derived from the investment of amounts in any of the Funds or Accounts established hereunder shall be deposited in the Fund or Account from which such investment was made; and shall be accounted for and applied as provided in Section 5.04(c) (with respect to the Debt Service Fund) and Section 5.05(a) (with respect to the Reserve Account). For purposes of acquiring any investments hereunder, the Trustee may

commingle funds held by it hereunder with the written approval of the Agency. The Trustee or its affiliates may act as principal or agent in the acquisition of any investment and shall be entitled to the customary fee therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

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

Section 5.08. Valuation; Investments.

(a) **Method of Valuation and Frequency of Valuation.** In computing the amount in any Fund or Account, Authorized Investments shall be valued at Fair Market Value. With respect to all Funds and Accounts, valuation shall occur quarterly, except in the event of a withdrawal from the Reserve Account, whereupon securities shall be valued immediately after such withdrawal. If amounts on deposit in the Reserve Account shall, at the time of any such valuation, be less than the Reserve Requirement, such deficiency shall be made up from the first available moneys received after making the required deposits to the Debt Service Fund (i) over a period of not more than four months, in four substantially equal payments, in the event such deficiency results from a decrease in the market value of the Authorized Investments on deposit in the Reserve Account or (ii) over a period of not more than 12 months, in 12 substantially equal payments, in the event such deficiency results from a withdrawal from such Account.

(b) **Investment of Amounts Representing Accrued Interest.** All amounts representing accrued interest on the Bonds shall be held by the Trustee in the Debt Service Fund, pledged solely to the payment of interest on the Bonds and invested only in Federal Securities maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(c) **Additional Limitations.** Except as otherwise provided in the following sentence, the Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Master Ordinance, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Master Ordinance or the Tax Code) at Fair Market Value. Investments in funds and accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Reserve Account shall be valued at their present value (within the meaning of Section 148 of the Tax Code).

Section 5.09. Establishment and Application of Rate Stabilization Fund.

(a) The Agency has the right (but not the obligation) at any time to establish a fund to be held by it and administered in accordance with this Section for the purpose of stabilizing the rates and charges for the Transmission System. From time to time the Agency may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien that secures the Bonds and any Parity Obligations, as the Agency may determine.

(b) Any amounts deposited in the Rate Stabilization Fund shall be deducted from Revenues for purposes of the rate covenant calculation under Section 6.08. For purposes thereof, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (i) any transfers into the Agency Fund during or within nine months after the end of such Fiscal Year from any Rate Stabilization Fund are included in Revenues for the purpose of calculating Net Revenues, and (ii) any deposits into the Rate Stabilization Fund during or within nine months after the end of such Fiscal Year are deducted from the amount of Revenues for the purpose of calculating Net Revenues to the extent such deposits are made from Revenues received by the Agency attributable to that Fiscal Year.

(c) The Agency may, but is not be required to, withdraw from any amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Agency Fund in any Fiscal Year for the purpose of paying the principal of and interest on Outstanding Bonds or Parity Obligations coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Agency Fund will constitute Revenues for such Fiscal Year (except as otherwise provided herein), and will be applied for the purposes of the Agency Fund.

(d) Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Bonds or any Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the Agency, be applied for any other lawful purposes. The Agency may at any time withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the Agency.

(e) Pursuant to the amendment provisions set forth in Section 8.01 of this Master Ordinance, the amendments set forth in this Section shall only become effective when the Owners of Outstanding Bonds having consented to such amendment constitute a majority of the Owners of Outstanding Bonds.

Article VI
Covenants of the Agency

Section 6.01. Punctual Payment.

The Agency will punctually pay or cause to be paid the principal and interest (and premium, if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Master Ordinance, but only out of Net Revenues as provided herein, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Master Ordinance, all Supplemental Ordinances, and the Bonds.

Section 6.02. Against Encumbrances.

The Agency will not create, or permit the creation of, any mortgage or lien upon the Transmission System or any property essential to the proper operation of the Transmission System or to the maintenance of the Net Revenues. The Agency will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Net Revenues except only as provided in Section 3.02 and Section 3.06.

Section 6.03. Against Sale, Eminent Domain.

(a) The Agency will not sell, lease or otherwise dispose of the Transmission System or any part thereof essential to the proper operation of the Transmission System or to the maintenance of the Net Revenues except as herein expressly permitted. The Agency will not enter into any lease or agreement which impairs the operation of the Transmission System or any part thereof necessary to secure adequate Net Revenues for the payment of principal (including Sinking Fund Installments) of and interest on the Bonds, or which would otherwise impair the rights of the Owners with respect to the Net Revenues or the operation of the Transmission System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Transmission System, or any material or equipment which has worn out, may be disposed of in such a manner as the Agency determines.

(b) If all or any part of the Transmission System is taken by eminent domain proceedings, the Net Proceeds realized by the Agency therefrom shall be deposited by the Agency with the Trustee in a special fund in trust and applied by the Agency to the cost of acquiring or constructing or financing Improvements to the Transmission System if

(i) the Agency first secures and files with the Trustee a Certificate of the Agency showing (A) the estimated loss in annual Net Revenues, if any, suffered, or to be suffered, by the Agency by reason of such eminent domain proceedings, (B) a general description of the Improvements to the Transmission System then proposed to be acquired or constructed by the Agency from such Net Proceeds, and (C) an estimate of the additional Net Revenues to be derived from such Improvements; and

(ii) the Trustee, on the basis of such Certificate of the Agency, determines that such additional Net Revenues will sufficiently offset the loss of Net Revenues,

resulting from such eminent domain proceedings so impaired, which determination shall be final and conclusive.

If the foregoing conditions are met, the Agency shall then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of the Agency and payments therefor shall be made by the Trustee from such Net Proceeds and from other moneys of the Agency lawfully available therefor, and any balance of such net Proceeds not required by the Agency for the purposes aforesaid shall be deposited in the Agency Fund.

If the foregoing conditions are not met, then such Net Proceeds shall be paid into the Redemption Account of the Debt Service Fund and applied by the Trustee pro rata to the redemption or purchase of the Bonds and Subordinate Bonds of each Series then Outstanding on the next available redemption date in the proportion which the principal amount of the Outstanding Bonds of each Series bears to the aggregate principal amount of all Bonds then Outstanding. If the Trustee is unable to purchase or redeem Bonds in amounts sufficient to exhaust the available moneys allocable to each such Series, the remainder of such moneys for each such Series shall be held in trust by the Trustee and applied to the payment of the Bonds of such Series as the same become due by their terms, and, pending such application, such remaining moneys may be invested by the Trustee in the manner provided in Section 5.05(a) for the investment of moneys in the Reserve Account.

Section 6.04. Maintenance and Operation of Transmission System in Efficient and Economical Manner.

The Agency covenants and agrees to maintain and operate the Transmission System in an efficient and economical manner and to operate, maintain and preserve the Transmission System in good repair and working order.

Section 6.05. Payment of Taxes, Etc.

The Agency will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Transmission System or any part thereof or upon any Net Revenues when the same shall be come due. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Transmission System or any part thereof, and will comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any Improvements to the Transmission System.

Section 6.06. Insurance.

The Agency covenants that it shall at all times maintain such insurance on the Transmission System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Transmission System shall be damaged or destroyed, such part shall be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Transmission System shall be used for repairing or rebuilding the damaged or destroyed portions of the Transmission

System, (to the extent that such repair or rebuilding is determined by the Agency to be useful or of continuing value to the Transmission System) and to the extent not so applied, shall be applied to the redemption of the Outstanding Bonds and Subordinate Bonds on a pro rata basis, and for such purpose shall be paid into the Redemption Account of the Debt Service Fund.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Agency, or may be in the form of self-insurance by the Agency. The Agency shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

Section 6.07. Accounting Records and Financial Statements.

The Agency covenants that it shall keep proper books of record and accounts of the Transmission System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Transmission System. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The Agency covenants that it will cause the books and accounts of the Transmission System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Owners at the office of the Trustee upon reasonable request, a copy of the report of such Independent Certified Public Accountant.

The Agency covenants that it will cause to be prepared annually, not more than 180 days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Bonds, the disbursements from the Revenues and other funds in reasonable detail. The Agency shall furnish a copy of the statement to the Trustee, and upon written request, to any Owner.

Section 6.08. Amounts of Rates and Charges.

(a) **Sum Sufficient.** The Agency shall fix, prescribe, revise and collect rates and charges for the Transmission System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(i) all Maintenance and Operation Costs of the Transmission System estimated by the Agency to become due and payable in such Fiscal Year;

(ii) the Debt Service on all Outstanding Bonds and Parity Obligations;

(iii) all other payments required for compliance with this Master Ordinance, any Supplemental Ordinance and the Parity Obligations Instruments pursuant to which any Bonds or Parity Obligations were issued, as applicable;

(iv) the Debt Service on all Outstanding Subordinate Bonds and Subordinate Obligations;

(v) any other payments required for compliance with this Master Ordinance, any Supplemental Ordinance and the Subordinate Obligations Instruments pursuant to which any Subordinate Bonds or Subordinate Obligations were issued, as applicable;

(vi) all payments required to meet any other obligations or Indebtedness of the Agency which are charges, liens, encumbrances upon or payable from the Net Revenues.

(b) **Coverage Based on Net Revenues.** The Agency shall fix, prescribe, revise and collect Charges for the Transmission System during each Fiscal Year which are sufficient to yield Net Revenues of at least 115% of Debt Service on all Outstanding Bonds and Parity Obligations in such Fiscal Year.

For purposes of this subsection (b), variable rate Bonds issued under this Master Ordinance shall be deemed to bear interest at the highest of

(i) the actual rate on the date of calculation, or if such Bonds are not yet outstanding, the initial rate (if established and binding),

(ii) if the Bonds have been outstanding for at least 12 months, the average rate over the 12 months immediately preceding the date of calculation, and

(iii) (A) if interest on the Bonds is excludable from gross income under the applicable provisions of the Tax Code the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if such index is no longer published) plus 50 basis points, or (B) if interest is not so excludable, the interest rate on direct United States Treasury obligations with comparable maturities plus 50 basis points.

(c) **Adjustments.** The Agency may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems necessary, but it shall not reduce such rates, fees and charges below those then in effect unless the Revenues from such reduced rates will at all times be sufficient to meet the requirements of this Section.

Section 6.09. Reserved.

Section 6.10. Discharge of Claims.

The Agency covenants that in order to fully preserve and protect the priority and security of the Bonds, the Agency shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Transmission System which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The Agency shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or

assessed upon or in respect of the Transmission System or upon any part thereof or upon any of the Net Revenues therefrom.

Section 6.11. Acquisition, Construction or Financing Improvements to the Transmission System.

The Agency will acquire, construct, or finance Improvements to the Transmission System to be financed with the proceeds of any Bonds with all practicable dispatch, and such Improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.

Section 6.12. Protection of Security and Rights of Owners.

The Agency 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 sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Section 6.13. Maintenance of Tax-Exemption.

The Agency shall take all actions necessary to assure the exclusion of interest on the 2015 Series A Bonds, the 2019 Bonds and the 2022 Bonds from the gross income of the Owners of the 2015 Series A Bonds, the 2019 Bonds and the 2022 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of each respective Series of such Bonds.

The Agency shall take all actions necessary to assure the exclusion of interest on any future Series of the Bonds or Subordinate Bonds issued on a federally tax-exempt basis from the gross income of the Owners of the Bonds in accordance with the covenants contained in the Supplemental Ordinance authorizing the issuance of such Series of the Bonds or Subordinate Bonds. Nothing in this Master Ordinance prevents the Agency from issuing Bonds or Subordinate Bonds on a federally taxable basis.

Section 6.14. Continuing Disclosure.

The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of each Continuing Disclosure Agreement. Notwithstanding any other provision of this Master Ordinance, failure of the Agency to comply with the Continuing Disclosure Agreement shall not be considered a Default; however, the Trustee, at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall (but only to the extent indemnified to its satisfaction from and against any loss, cost, liability or expense of any kind whatsoever, including without limitation, fees and expenses of its attorneys and additional fees and expenses of the Trustee) or any Owner or Beneficial Owner (as defined in the Continuing Disclosure Agreement) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or the Trustee, as the case may be, to comply with its obligations under this Section.

Section 6.15. No Arbitrage.

The Agency shall not take, nor permit nor suffer to be taken any action with respect to the proceeds of any of the 2015 Series A Bonds, 2019 Bonds and 2022 Bonds which would cause any of such Bonds to be "arbitrage bonds" within the meaning of the Tax Code.

Section 6.16. Information Report.

The Controller is hereby directed to assure the filing of an information report for the 2015 Series A Bonds, the 2019 Bonds and the 2022 Bonds in compliance with Section 149(e) of the Tax Code.

Section 6.17. Private Activity Bond Limitation.

The Agency shall assure that the proceeds of the 2015 Series A Bonds, the 2019 Bonds and the 2022 Bonds are not so used as to cause such Bonds to satisfy the private business test of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

Section 6.18. Federal Guarantee Prohibition.

The Agency 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 2015 Series A Bonds, 2019 Bonds and 2022 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

Section 6.19. Rebate Requirement.

The Agency shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax 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 2015 Series A Bonds, the 2019 Bonds and the 2022 Bonds.

Section 6.20. Waiver of Acts.

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

Article VII The Trustee

Section 7.01. Appointment of Trustee.

U.S. Bank Trust Company, National Association, as successor to Union Bank of California, a banking corporation organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Agency for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Master Ordinance, and to act as paying agent with respect to the Bonds. The Agency agrees that it will maintain a Trustee having a corporate trust office in California, with a combined capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 7.01, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 7.02. Acceptance of Trusts.

The Trustee accepts the trust imposed upon it by this Master Ordinance, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Ordinance. In case an Event of Default hereunder has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Master Ordinance, and shall use the same degree of care and skill in their exercise, as a prudent and reasonable man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers but shall be answerable for the selection of the same in accordance with the standard specified above, and shall be entitled to rely conclusively on advice of counsel of its choice concerning all matters of trust and its duty hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for the validity of this Master Ordinance or any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or

intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Agency hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.07.

(d) The Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the Agency with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

(e) In the absence of bad faith on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee pursuant to this Master Ordinance upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Bond Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Agency as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 7.02(h) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Certificate of the Agency to the effect that an authorization in the form therein set forth has been adopted by the Agency, as conclusive evidence that such authorization has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Master Ordinance shall not be construed as a duty and it shall not be answerable for other than its negligence or willful default. The immunities and exceptions from liability of the Trustee shall extend to its officers, as finally adjudicated by a court of law, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Agency to make any of the payments to the Trustee required to be made by the Agency pursuant hereto or failure by the Agency to file with the Trustee any document required by this Master Ordinance to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in

writing of such default by the Agency or by the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Master Ordinance to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Transmission System, including all books, papers and records of the Agency pertaining to the Transmission System and the Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Master Ordinance with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Master Ordinance, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Agency to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.03 the Trustee may require that an indemnity bond satisfactory in terms and amount be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is finally adjudicated by a court of law to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as it may agree to in writing.

Section 7.03. Liability of Agents.

The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Agency, and the Trustee neither assumes responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Master Ordinance or of the Bonds, nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee may become the owner of Bonds with the same rights they would have if they were not Trustee, and may act as depository for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed in the interest of Owners, whether or not such committee shall represent the holders of a majority in principal amount of the Bonds outstanding hereunder. The

Trustee, unless requested by the holders of 5% in principal amount of the Bonds then outstanding and furnished with satisfactory indemnity, shall not be required to ascertain or inquire as to the exercise or performance of any of the covenants or agreements of the Agency herein set forth. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own willful default.

Section 7.04. Fees, Charges and Expenses of the Trustee.

The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

Section 7.05. Notice to Owners of Default.

If an Event of Default hereunder occurs with respect to any Bonds, of which the Trustee has been given or is deemed to have notice, as provided in Section 7.01 hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Agency to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Owners not to give such notice.

Section 7.06. Removal of Trustee.

The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, and the Agency may so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee (where applicable), whereupon the Agency or such Owners, as the case may be shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 7.01 hereof.

Section 7.07. Resignation by Trustee.

The Trustee and any successor Trustee may at any time resign by giving 30 days' written notice by registered or certified mail to the Agency. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Agency shall cause notice thereof to be given by first class mail to the Owners at their respective addresses set forth on the Bond Registration Books. No resignation of the Trustee shall take effect until a successor is appointed and has accepted.

Section 7.08. Appointment of Successor Trustee.

In the event of the removal or resignation of the Trustee pursuant to Sections 7.06 or 7.07, respectively, the Agency shall promptly appoint a successor Trustee. In the event the Agency shall for any reason whatsoever fail to appoint a successor Trustee within 45 days following the delivery to the Trustee of the instrument described in Section 7.06 or within 45 days following the receipt of notice by the Agency pursuant to Section 7.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 7.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Agency purporting to appoint a successor Trustee following the expiration of such forty-five-day period.

The Trustee may be removed at any time, upon 30 days' written notice, at the request of each Municipal Bond Insurer with the consent of the Agency, for any breach of the trust set forth herein. Each Municipal Bond Insurer shall receive prior written notice of any Trustee resignation.

Notwithstanding any other provision of this Master Ordinance, no removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to each Municipal Bond Insurer, shall be appointed; provided, however, that if for any reason whatsoever no successor Trustee is appointed within 45 days following receipt of notice by the Agency pursuant to Section 7.07 above, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee which meets the requirements of Section 7.01 hereof, and such appointment shall be binding upon each Municipal Bond Insurer.

Section 7.09. Merger or Consolidation.

Any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 7.01), shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.10. Concerning any Successor Trustee.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Agency an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Agency, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Agency be required by any

successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing Shall, on request, be executed, acknowledged and delivered by the Agency.

Section 7.11. Appointment of Co-Trustee.

It is the purpose of this Master Ordinance that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction, it is recognized that in the case of litigation under this Master Ordinance, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 7.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Master Ordinance to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Agency be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 7.12. Indemnification; Limited Liability of Trustee.

The Agency shall indemnify and hold the Trustee harmless from and against all claims, losses, costs, expenses, liabilities and damages including legal fees and expenses arising from the exercise and performance of its duties hereunder and the termination of this Master Ordinance. Such indemnity shall survive the resignation or removal of the Trustee hereunder. No provision in this Master Ordinance shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance

with the direction of a majority of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Master Ordinance.

Article VIII
Modification or Amendment of the Master Ordinance

Section 8.01. Amendments by Consent of Owners.

This Master Ordinance and the rights and obligations of the Agency and the Owners of the Bonds may be modified or amended at any time by a Supplemental Ordinance which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Series of Bonds then Outstanding to be so modified or amended, exclusive of bonds disqualified as provided in Section 8.03 hereof, are filed with the Trustee and exclusive of the Owners of any other Series of Bonds, provided however, with respect to any Bonds that are fully insured or credit enhanced, the respective Municipal Bond Insurer or credit enhancer shall be deemed owner of such Bonds for purposes of this Section.

No such modification or amendment shall

- (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal (including Sinking Fund Installments) of and interest on such Bond at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond,
- (b) reduce the percentage of Bonds required for the written consent to any such amendment or modifications, or
- (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Any amendments which require Owner consent pursuant to this Section shall also require the prior written consent of each Municipal Bond Insurer. Notices regarding any such proposed amendments shall be provided to each Municipal Bond Insurer. Copies of any amendments consented to by each Municipal Bond Insurer shall be forwarded to the Rating Agency by the Trustee as provided in Section 11.15 of this Master Ordinance.

Section 8.02. Amendment without Consent of Owners.

This Master Ordinance and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Ordinance which shall become binding upon execution and delivery, without consent of any Owners, but only to the extent permitted by law and only for one or more of the following purposes:

- (a) to add to the covenants and agreements of the Agency contained in this Master Ordinance, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Agency; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Master Ordinance,

or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not adversely affect the interests of the Owners of the Bonds;

(c) to provide for the issuance of any Series of Bonds or Subordinate Bonds, and to provide the terms and conditions under which such Series of Bonds or Subordinate Bonds may be issued, including but not limited to the establishment of special funds and accounts relating to such Series of Bonds or Subordinate Bonds and any other provisions relating solely to such Series of Bonds or Subordinate Bonds, subject to and in accordance with the provisions of Section 3.01; or

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxations of interest on any Series of Bonds or Subordinate Bonds issued on a federally tax-exempt basis.

Any amendments which require Owner consent pursuant to this Section 8.02 shall also require the prior written consent of each Municipal Bond Insurer.

Notices regarding any such proposed amendments shall be provided to each Municipal Bond Insurer. Copies of any amendments consented to by the Municipal Bond Insurer shall be forwarded to the Rating Agency by the Trustee as provided in Section 11.15 of this Master Ordinance.

Section 8.03. Disqualified Bonds.

Bonds owned or held by or for the account of the Agency (but excluding Bonds held in any employees' retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds in this article provided for, and shall not be entitled to consent to, or take any other action in this article provided for.

Section 8.04. Endorsement or Replacement of Bonds after Amendment.

After the effective date of any action taken as hereinabove provided, the Agency may determine that the Bonds shall bear a notation, by endorsement in form approved by the Agency, as to such action, and 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 Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to conform to such Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the principal Corporate Trust Office of the Trustee, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 8.05. Effect of Modification or Amendment.

When any Supplemental Ordinance modifying or amending the provisions of this Master Ordinance shall become binding, as provided in Section 8.01 or in Section 8.02, this

Master Ordinance shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under this Master Ordinance of the Agency, the Trustee and all Owners of Bonds outstanding hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Ordinance shall be and be deemed to be part of the terms and conditions of this Master Ordinance for any and all purposes.

Section 8.06. Amendment by Mutual Consent.

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

Article IX
Events of Default and Remedies of Owners

Section 9.01. Events of Default and Acceleration of Maturities.

The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal (including Sinking Fund Installments) of any Bond or Subordinate Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) Default in the due and punctual payment of any installment of interest on any Bond or Subordinate Bond when and as such interest installment shall become due and payable;

(c) Default by Agency in the observance of any of the covenants, agreements or conditions on its part contained in this Master Ordinance or in any Parity Obligations Instrument or in the Bonds, and such default shall have continued for a period of 30 days after the Agency shall have been given notice in writing of such default by the Trustee or any applicable Municipal Bond Insurer; or

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

Upon the occurrence of an Event of Default, the Trustee may, with the consent of each Municipal Bond Insurer, and shall, at the direction of the owners of a majority of the principal amount of the Bonds, with the consent of each Municipal Bond Insurer, by written notice to the Agency, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Master Ordinance or in the Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all of the principal of and interest on the Bonds having come due prior to such declaration, with interest on such overdue principal and interest calculated at the rate of interest per annum then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee and those of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of the principal of and interest on the Bonds having come due and payable solely by reason of such declaration) shall have been made good or cured to the

satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding may, by written notice to the Agency and to the Trustee, on behalf of the Owners of all of the Outstanding Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 9.02. Application of Funds Upon Acceleration.

All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Master Ordinance shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First to the payment of the costs and expenses of the Trustee and of Owners in declaring such Event of Default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this Article IX. including reasonable compensation to its agents, attorneys and counsel; and

Second to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts to the extent permitted by law at the rate of interest then borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably in proportion to the aggregate of such interest, principal and interest on overdue amounts.

Section 9.03. Other Remedies; Rights of Owners.

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy, in addition to the remedy specified in Section 9.01, at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Master Ordinance.

If an Event of Default shall have occurred and be continuing and if requested to do so by the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and indemnified as provided in Section 7.12, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article IX, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy by the terms of this Master Ordinance conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Notwithstanding any other provisions of the Ordinance, each Municipal Bond Insurer shall have the right, so long as it is not in default under the applicable Municipal Bond Insurance Policy, to direct the remedies to be taken upon any Event of Default hereunder and such Municipal Bond Insurer's consent shall be required for remedial action taken by the Trustee or the Agency hereunder.

Section 9.04. Power of Trustee to Control Proceedings.

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 9.05. Appointment of Receivers.

Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Master Ordinance, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 9.06. Non-Waiver.

Nothing in this Article IX or in any other provision of this Master Ordinance, or the Bonds, shall affect or impair the obligation of the Agency, which is absolute and

unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Net Revenues and other moneys herein pledged for such payment.

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

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

Section 9.07. Limitation on Agency's Obligation.

Nothing in this Master Ordinance contained shall be deemed to require the Agency to advance any moneys derived from the levy or collection of taxes upon any taxable property in the Agency for the payment of the principal of or interest on the Bonds or for the due performance by the Agency of any covenant contained in this Master Ordinance. Neither the credit nor the taxing power of the Agency is pledged for the payment of the principal of or interest on the Bonds, and the general fund of the Agency is not liable for the payment of the Bonds or the interest thereon. The Owners of the Bonds cannot compel the exercise of the taxing power by the Agency or the forfeiture of its property. The principal (including Sinking Fund Installments) of and interest on the Bonds and any premiums upon the redemption of any thereof are not a debt of the Agency nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the Revenues and other funds that may be legally applied, pledged or otherwise made available to their payment as provided in this Master Ordinance. Neither the Agency nor any officer thereof shall be liable or obligated for the payment of the principal (including Sinking Fund Installments) of or interest on the Bonds, or for any payment agreed to be made, or contemplated to be made, pursuant to any of the terms of this Master Ordinance, save and except solely and exclusively from the Revenues as herein defined, or from the proceeds of the Bonds. Nothing herein contained shall prevent the Agency from making advances of its own funds howsoever derived to any of the uses and purposes in this Master Ordinance mentioned, provided such funds are derived from any source legally available for such purpose and may be used by the Agency for such purpose without incurring indebtedness. No property or rights of the Agency shall ever be subject to forfeiture by reason of any default on the part of the Agency hereunder, provided, however, that nothing herein contained shall operate to excuse the Agency from making the payments herein required to be made for the benefit of the Owners of the Bonds.

Section 9.08. Rights and Remedies of Owners.

No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Master Ordinance, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall nor be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Master Ordinance.

Section 9.09. Termination of Proceedings.

In case the Trustee shall have proceeded to enforce any right under this Master Ordinance by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Agency, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Master Ordinance, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 9.10. Municipal Bond Insurer as Third-Party Beneficiary.

To the extent that this Master Ordinance confers upon or gives or grants to a Municipal Bond Insurer any right, remedy or claim under or by reason of this Master Ordinance, each Municipal Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Section 9.11. Rights of Municipal Bond Insurers.

Anything in this Master Ordinance to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Municipal Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted hereunder to the Owners, or to the Trustee for the benefit of the Owners, including but not limited to, rights and remedies granted pursuant to Section 9.01 and 9.03 and, including but not limited to, the right to approve all waivers of any Events of Default. The rights granted to any Municipal Bond Insurer hereunder shall be deemed terminated and shall not be exercisable by such Municipal Bond Insurer during any period during which such Municipal Bond Insurer is in default under the applicable Municipal Bond Insurance Policy.

Section 9.12. Effect of Municipal Bond Insurance Policy.

Notwithstanding any other provision of this Master Ordinance, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Master Ordinance, the Trustee shall consider the effect on the Owners as if there were no Municipal Bond Insurance Policy or Municipal Bond Insurance Policies.

Article X Defeasance

Section 10.01. Discharge of Indebtedness; Defeasance.

If the Agency shall pay and discharge any or all of the Outstanding Bonds 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 premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Master Ordinance, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by depositing with the Trustee or a qualified escrow holder, in trust, Defeasance Obligations in such amount as the Agency (verified by an independent Certified Public Accountant) shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the Funds and Accounts established pursuant to this Master Ordinance, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal interest and redemption premiums, if any) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been mailed pursuant to Article IV, or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the election of the Agency, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Net Revenues and other funds provided in this Master Ordinance with respect to such Bonds, and all other pecuniary obligations of the Agency under this Master Ordinance with respect to all such Bonds; shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Agency.

Refunding bonds may be issued at any time without regard to whether an Event of Default exists.

To accomplish defeasance the Agency shall cause to be delivered (i) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under this Master Ordinance. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed to the Agency and the Trustee.

Notwithstanding anything herein to the contrary, in the event that the principal (including Sinking Fund Installments) of or interest on any Series of the Bonds is paid by a Municipal Bond Insurer pursuant to a Municipal Bond Insurance Policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Net Revenues and all covenants, agreements and other obligations of the Agency to the registered owners shall continue to exist and shall run to the benefit of such Municipal Bond Insurer, and such Municipal Bond Insurer shall be subrogated to the rights of such registered owners.

Section 10.02. Deposit of Defeasance Funds.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or said securities referred to in Section 10.01 in the necessary amount to pay or redeem Bonds outstanding hereunder (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been given as provided in Article IV or provision satisfactory to the Trustee has been made for the giving of such notice, all liability of the Agency in respect of such Bonds shall cease, determine and be completely discharged and the Owners thereof shall thereafter be entitled only to payment out of the money or said securities, referred to in Section 10.01, deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.03.

Section 10.03. Unclaimed Moneys.

Anything in this Master Ordinance to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after said date where such Bonds become due and payable, shall, at the Request of the Agency, be repaid by the Trustee to the Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Trustee shall, at the expense and direction of the Agency, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Agency.

Article XI
Miscellaneous

Section 11.01. Limited Liability of the Agency.

Notwithstanding anything in this Master Ordinance contained, the Agency shall not be required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Agency for such purpose without incurring indebtedness.

Section 11.02. Parties Interested Herein.

(a) Nothing in this Master Ordinance expressed or implied is intended or shall construed to confer upon, or to give to, any person or entity, other than the Agency, the Trustee, any Municipal Bond Insurer and the Owners any right, remedy or claim under or by reason of this Master Ordinance, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Master Ordinance contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, each Municipal Bond Insurer and the Owners.

(b) Notwithstanding any other provision of this Master Ordinance, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Master Ordinance, the Trustee shall consider the effect on the Owners as if there was no Municipal Bond Insurance Policy or Municipal Bond Insurance Policies.

Section 11.03. Successor is Deemed Included in All References to Predecessor.

Whenever in this Master Ordinance or any Supplemental Ordinance either the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Ordinance contained by or on behalf of the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereto whether so expressed or not.

Section 11.04. Execution of Documents by Owners.

Any request, consent or other instrument required by this Master Ordinance to be signed and executed by Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Master

Ordinance and shall be conclusive in favor of the Trustee and of the Agency if made in the manner provided in this Section 11.04.

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

The ownership of Bonds shall be provided by the Bond Registration Books.

Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Agency in pursuance of such request, consent or vote.

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Master Ordinance, Bonds which are owned or held by or for the account of the Agency (but excluding Bonds held in any employees retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 11.05. Waiver of Personal Liability.

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

Section 11.06. Reserved.

Section 11.07. Partial Invalidity.

If any one or more of the covenants or agreements, or portions thereof, provided in this Master Ordinance on the part of the Agency (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Master Ordinance or of the Bonds; but the Owners shall retain all rights and benefits accorded to

them under the Bond Law or any other applicable provisions of law. The Agency hereby declares that it would have entered into this Master Ordinance and each and every other Section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Master Ordinance or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.08. Waiver of Notice.

Whenever in this Master Ordinance the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.09. Destruction of Canceled Bonds.

Whenever in this Master Ordinance provision is made for the surrender to the Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Master Ordinance, the Trustee shall destroy such Bonds and furnish to the Agency a certificate of such destruction.

Section 11.10. Repeal of Inconsistent Resolutions and Ordinances.

Any resolution or ordinance of the Agency, and any part of any resolution or ordinance inconsistent with this Master Ordinance, is hereby repealed to the extent of such inconsistency.

Section 11.11. Article and Section Headings.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Master Ordinance, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Master Ordinance as a whole and not to any particular Article, Section or subdivision hereof. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Master Ordinance.

Section 11.12. Publication.

The Clerk is hereby directed to cause this Master Ordinance to be published once, with the names of the members of the Board voting for and against this Master Ordinance, in The Press Democrat or any other newspaper published in the County of Sonoma, such publication to be made before the expiration of 15 days after the passage of this Master Ordinance.

Section 11.13. Funds and Accounts.

Any Fund or Account required by this Master Ordinance to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee, as the case may be, either as a Fund or an Account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account. All such records with respect to all such Funds and Accounts held by the Agency shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such Funds and Accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.14. Notices.

Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid or sent by telegram, addressed as follows:

If to the Agency: Sonoma County Water Agency
 404 Aviation Boulevard
 Santa Rosa, California 95403
 Attention: General Manager

If to the Trustee: U.S. Bank Trust Company, National Association
 One California Street, Suite 1000
 San Francisco, California 94111
 Attn: Global Corporate Trust

A duplicate copy of each notice required to be given hereunder by any person listed above shall also be given to the others. The Agency and the Trustee, may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Except for those writings requiring original signatures, any written notice, instruction or confirmation required hereunder may be provided by telex, telegraph or facsimile transmission.

Section 11.15. Notices to be Given to the Municipal Bond Insurers.

While any Municipal Bond Insurance Policy is in effect with respect to a Series of Bonds, the Agency shall furnish, or cause to be furnished, to the applicable Municipal Bond Insurer:

(a) a copy of any notice to be given to the Owners and any certificate rendered pursuant to this Master Ordinance relating to the security for such Bonds;

(b) notice of resignation or removal of the Trustee and the appointment of a successor thereto; and

(c) such additional information set forth the applicable Supplemental Ordinance authorizing the issuance of such Series of Bonds, or that the applicable Municipal Bond Insurer may reasonably request.

The Trustee shall notify each Municipal Bond Insurer of any failure of the Agency to provide notices and Certificates required to be provided by the Agency to the Trustee hereunder. The Trustee shall notify the Rating Agency of all consents given by a Municipal Bond Insurer hereunder.

The Agency shall provide each Municipal Bond Insurer with any notice that is required to be given to an Owner or to the Trustee pursuant to this Master Ordinance or any Supplemental Ordinance.

Notwithstanding any other provision of this Master Ordinance, the Trustee shall, as soon as practicable, notify each Municipal Bond Insurer if a Responsible Officer of the Trustee has actual knowledge of the occurrence of any Event of Default.

Section 11.16. Payments Due on Saturdays, Sundays and Holidays.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for purchase or redemption of any Bonds shall not be a Business Day, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for purchase or redemption.

Section 11.17. Counterparts.

This Master Ordinance may be simultaneously executed in several counterparts, each of which shall be an original and all of such shall constitute but one and the same instrument.

Section 11.18. Applicable Provisions of Law.

This Master Ordinance shall be governed by and construed in accordance with the laws of the State. It is the intention of the Agency and the Trustee that the situs of the trust created by this Master Ordinance be, and it be administered, in the state in which is located the principal office of the Trustee from time to time acting under this Master Ordinance.

Section 11.19. Effective Date; Operative Date.

This Master Ordinance shall be effective immediately upon its publication, and shall be published once before the expiration of 15 days after its passage, with the names of the Directors voting for or against the same, in The Press Democrat, a newspaper of general circulation published in the County of Sonoma, State of California.

Section 11.20. Severability.

If any section, subsection, sentence, clause or phrase of this Master Ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion thereof. The Board of Directors hereby declares that it would have passed this Supplemental Ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

Article XII.

RESERVED

Article XII has terminated by its terms.

Article XIII.

RESERVED

Article XIII has terminated by its terms.

Article XIV

Refunding Bonds of Series 1993A and Modification of Master Ordinance

Article XIV has terminated by its terms upon the defeasance of the Agency's 1971 Water Revenue Refunding Bonds, Series 1993A.

Article XV

RESERVED

Article XV has terminated by its terms.

Article XVI.

RESERVED

Article XVI has terminated by its terms.

Article XVII.

RESERVED

Article XVII has terminated by its terms.

Article XVIII

Issue of 2003 Series A Bonds

Article XVIII terminated by its terms upon the defeasance of the Agency's Water Revenue Bonds, 2003 Series A.

Article XIX
Issue of ____ Series __ Bonds

Article XIX terminated by its terms upon the defeasance of the Agency's Water Revenue Bonds, _____ Series__ .

Article XX
Issue of ____ Series __ Bonds

Article XX terminated by its terms upon the defeasance of the Agency's Water Revenue Bonds, _____ Series__ .

Article XXI
Issue of 2015 Bonds

Section 21.01. Issuance of 2015 Bonds.

A series of Bonds to be issued under the Master Ordinance is hereby created. The provisions of the Ninth Supplemental Ordinance in Article XXI, other than in Section 21.11, shall remain in effect only so long as any of the 2015 Bonds are Outstanding. The 2015 Bonds are being issued on a parity with the 2012 Series A Bonds and the State Loan.

Upon the execution and delivery of this Ninth Supplemental Ordinance, the Water Agency shall execute and deliver 2015 Bonds in the combined aggregate principal amount of not to exceed \$35,000,000 to the Trustee for authentication and delivery to the Participating Underwriter with respect to the 2015 Bonds upon the Request of the Agency.

Section 21.02. Application of Proceeds of Sale of 2015 Bonds.

(a) Upon the receipt by the Trustee of payment for the 2015 Series A Bonds on the Closing Date with respect to the 2015 Series A Bonds in an amount equal to the principal amount of the 2015 Series A Bonds, (i) plus net original issue premium with respect to the 2015 Series A Bonds; (ii) less net original issue discount with respect to the 2015 Series A Bonds; (iii) less the underwriter's discount with respect to the 2015 Series A Bonds; and (iv) less the portion of the Municipal Bond Insurance Policy premium, if any, allocable to the 2015 Series A Bonds, and paid by the original purchaser thereof, shall be deposited as follows:

(i) The Trustee shall transfer to the Municipal Bond Insurer with respect to the 2015 Bonds an amount equal to the Municipal Bond Insurance Policy premium with respect to the 2015 Series A Bonds, if not otherwise paid by the underwriter for the 2015 Series A Bonds;

(ii) The Trustee shall deposit in the 2015 Cost of Issuance Fund proceeds in the amount of the Costs of Issuance with respect to the 2015 Bonds (as defined below) allocable to the 2015 Series A Bonds;

(iii) The Trustee shall deposit in the Reserve Account proceeds of the 2015 Series A Bonds in the amount specified in a Certificate of the Agency or a Request of the Agency delivered to the Trustee;

(iv) The Trustee shall deposit in the 2015 Series A Refunding Fund (as defined below) the amount of proceeds determined to be necessary to refund, and to redeem on July 1, 2016, in whole or in part, as applicable, the 2006 Series A Bonds; and

(v) The remaining proceeds of the 2015 Series A Bonds shall be deposited in the 2015 Series A Account of the Bond Proceeds Fund (created in Section 21.05) and transferred by the Trustee to the Treasurer for deposit in the 2015 Series A Account of the Construction Fund held by the Treasurer.

(b) Upon the receipt by the Trustee of payment for the 2015 Series A-T Bonds on the Closing Date with respect to the 2015 Series A-T Bonds in an amount equal to the principal amount of the 2015 Series A-T Bonds, (i) plus net original issue premium with respect to the 2015 Series A-T Bonds; (ii) less net original issue discount with respect to the 2015 Series A-T Bonds; (iii) less the underwriter's discount with respect to the 2015 Series A-T Bonds; and (iv) less the portion of the Municipal Bond Insurance Policy premium, if any, allocable to the 2015 Series A-T Bonds, and paid by the original purchaser thereof, shall be deposited as follows:

(i) The Trustee shall transfer to the Municipal Bond Insurer with respect to the 2015 Bonds an amount equal to the Municipal Bond Insurance Policy premium with respect to the 2015 Series A-T Bonds, if not otherwise paid by the underwriter for the 2015 Series A-T Bonds;

(ii) The Trustee shall deposit in the 2015 Cost of Issuance Fund proceeds in the amount of the Costs of Issuance with respect to the 2015 Bonds (as defined below) allocable to the 2015 Series A-T Bonds;

(iii) The Trustee shall deposit in the Reserve Account proceeds of the 2015 Series A-T Bonds in the amount specified in a Certificate of the Agency or a Request of the Agency delivered to the Trustee; and

(iv) The remaining proceeds of the 2015 Series A-T Bonds shall be deposited in the 2015 Series A-T Account of the Bond Proceeds Fund (created in Section 21.05) and transferred by the Trustee to the Treasurer for deposit in the 2015 Series A-T Account of the Construction Fund held by the Treasurer.

(c) The Water Agency shall provide the Trustee a Certificate of the Agency or a Request of the Agency specifying the amount of each such deposit or transfer to be made on the Closing Date with respect to the 2015 Bonds.

Section 21.03. Reserve Account.

(a) On the Closing Date, the Trustee shall deposit in separate subaccounts of the Reserve Account proceeds of the 2015 Series A Bonds and 2015 Series A-T Bonds, as specified in a Certificate of the Agency or a Request of the Agency, which Certificate of the Agency or a Request of the Agency. The Trustee shall deposit such amounts in separate subaccounts of the Reserve Account, as specified by the Agency, in order to ensure that amounts that constitute proceeds of the 2015 Series A bonds are held separate and apart from amounts that constitute proceeds of the 2015 Series A-T Bonds. Any deficiency in the Reserve Account shall be replenished from available Net Revenues pursuant to Section 5.03.

Amounts on deposit in Reserve Account constituting proceeds of the 2015 Series A Bonds may not be used to pay debt service on the 2015 Series A-T Bonds.

(b) Upon the payment or defeasance in full of the 2012 Series A Bonds, the Reserve Requirement for a particular Series of Bonds (other than the 2015 Bonds) shall be as provided in the Supplemental Ordinance or resolution providing for the issuance of such Series of Bonds. If the Agency determines that the Reserve Requirement for a Series of Bonds shall be less than the lesser of (i) Maximum Annual Debt Service on such Series; (ii) 10% of the principal amount of such Series; or (iii) 125% of Average Annual Debt Service on such Series, the Agency shall have the Trustee establish a separate subaccount within the Reserve Account that shall only secure such Series of Bonds, and such Series of Bonds shall not be secured by any other amounts on deposit in the Reserve Account. Accordingly, the definition of Reserve Requirement will, upon the payment or defeasance in full of the 2012 Series A Bonds, read as follows:

"Reserve Requirement" means, for any particular Series (other than the 2015 Bonds), the amount set forth in the Supplemental Ordinance or resolution providing for the issuance of such Series of Bonds.

In addition, upon the payment or the defeasance in full of the 2012 Series A Bonds, the definition of Qualified Surety Bond shall be amended to read as follows:

"Qualified Surety Bond" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.03 provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) the long-term credit rating of such bank or insurance company is "A" or better from each Rating Agency which then maintains a rating on the Bonds; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 5.05; and (d) the Trustee 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 Debt Service Fund for the purpose of making payments required pursuant to Section 5.03(3).

Section 21.04. 2015 Series A Refunding Fund.

On the Closing Date, the Trustee shall deposit in the "Sonoma County Water Agency Water Revenue Refunding Bonds, 2015 Series A Refunding Fund (the "2015 Series A Refunding Fund"), which is to be held by the Trustee and is hereby created, the amount required by Section 21.02(a)(iv). The Trustee shall apply such amounts to refund and redeem 2006 Series A Bonds as directed in a Request of the Agency, which may be in the form of irrevocable refunding instructions, and, upon the redemption of the 2006 Series A Bonds, shall then close the 2015 Series A Refunding Fund.

Section 21.05. Construction Fund; Bond Proceeds Fund.

(a) There is hereby created within the Construction Fund held by the Treasurer a "2015 Series A Account" and a "2015 Series A-T Account".

(b) There is hereby created a "Bond Proceeds Fund" to be held by the Trustee, together with a "2015 Series A Account" and a "2015 Series A-T Account" therein.

(c) On the Closing Date, the Trustee shall deposit the amount set forth in Section 21.02(a)(v) in the 2015 Series A Account of the Bond Proceeds Fund. Immediately upon making such deposit, the Trustee shall transfer such amount to the Treasurer who shall deposit such amount in the 2015 Series A Account of the Construction Fund. The Treasurer shall disburse such amounts as provided in Section 3.04 hereof, in order to acquire and pay for the 2015 Improvements. The Treasurer shall account for all funds on deposit in the 2015 Series A Account of the Construction Fund separate and apart from all other funds of the Agency.

(d) On the Closing Date, the Trustee shall deposit the amount set forth in Section 21.02(b)(iv) in the 2015 Series A-T Account of the Bond Proceeds Fund. Immediately upon making such deposit, the Trustee shall transfer such amount to the Treasurer who shall deposit such amount in the 2015 Series A-T Account of the Construction Fund. The Treasurer shall disburse such amounts as provided in Section 3.04 hereof, in order to acquire and pay for the 2015 Improvements. The Treasurer shall account for all funds on deposit in the 2015 Series A-T Account of the Construction Fund separate and apart from all other funds of the Agency.

Section 21.06. 2015 Cost of Issuance Fund.

There is hereby created a fund to be known as the "Sonoma County Water Agency Water Revenue Refunding Bonds, 2015 Cost of Issuance Fund" (the "2015 Cost of Issuance Fund"), which is to be held by the Trustee and is hereby created. The moneys in the 2015 Cost of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance with respect to the 2015 Bonds upon receipt by the Trustee of invoices, accompanied by a signed Request of the Water Agency to pay such invoices, on or after the Closing Date. Such Request shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written

request or in the invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the Water Agency with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein. Any funds remaining in the 2015 Cost of Issuance Fund 90 days after the Closing Date shall be transferred by the Trustee to the Debt Service Fund and the Trustee shall, upon making such transfer, close the 2015 Cost of Issuance Fund.

“Costs of Issuance with respect to the 2015 Bonds” shall mean all expenses incurred in connection with the authorization, issuance, sale and delivery of the 2015 Bonds and the refunding of the 2006 Series A Bonds, including but not limited to compensation, fees and expenses of the Water Agency and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, municipal bond insurance or surety bond premiums, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

Section 21.07. Terms of 2015 Bonds.

The 2015 Bonds authorized to be issued by the Water Agency under and subject to the Act, the Revenue Bond Law and the terms of the Master Ordinance and shall be issued in the original combined principal amount of not to exceed \$35,000,000. The 2015 Bonds may be sold with an original issue discount not to exceed 5.00% of the par amount of the 2015 Bonds issued..

The 2015 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, in accordance with the form set forth in the Master Ordinance. None of the 2015 Bonds shall bear interest at a rate exceeding 12% per annum. The principal of the 2015 Bonds shall amortize, together with interest thereon, to achieve debt service that is as close as practicable to level debt service over the life of the 2015 Bonds (given the actual interest rates on the 2015 Bonds). The 2015 Bonds may be issued in the form of Serial Bonds and/or Term Bonds, and shall each mature on July 1 of the year of their maturity, provided that no 2015 Bonds shall exceed a term of forty years. After the sale of the 2015 Bonds, the final maturity schedule, interest rates, redemption features relating to the 2015 Bonds and any necessary corrections to this Ninth Supplemental Ordinance shall be set forth in a Certificate of the Agency, which Certificate of the Agency shall be in the form attached hereto as Exhibit A and shall be deemed to be part of the Master Ordinance.

Interest on the 2015 Bonds shall be payable on each Interest Payment Date, commencing January 1, 2016, to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the 2015 Bonds are registered at the close of business on a special

record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2015 Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any 2015 Bond shall be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee in San Francisco, California. Both the principal of and interest and premium (if any) on the 2015 Bonds shall be payable in lawful money of the United States of America.

The 2015 Bonds shall be dated their date of delivery and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to December 15, 2015, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any 2015 Bond, interest thereon is in default, such 2015 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full. The form of the 2015 Bonds shall be as set forth in Section 2.03, and the 2015 Bonds shall be subject to Sections 2.04 and 2.06 through 2.11 of the Master Ordinance.

Section 21.08. Redemption of 2015 Bonds.

The 2015 Bonds shall be subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from insurance or condemnation proceeds as provided in the Certificate of the Agency the form of which is attached hereto as Exhibit A. Notwithstanding anything in the Master Ordinance to the contrary, the Water Agency shall have the right to cancel the notice of any optional redemption by providing written notice of such cancellation to the Trustee not less than five (5) days prior to the date set for redemption.

Section 21.09. Continuing Disclosure.

The Agency hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") as originally executed as of the date of issuance and delivery of the 2015 Bonds, and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Ninth Supplemental Ordinance, failure by the Agency to comply with the Continuing Disclosure Agreement shall not constitute a default hereunder; provided, however, that any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any Owner or beneficial owner of the 2015 Bonds may take such action as may be necessary and appropriate to compel performance by the Water Agency of its obligations under this Section 21.09, including seeking mandamus or specific performance by court order. All capitalized terms used but not defined in this Section 21.09 shall have the meanings given in the Continuing Disclosure Agreement.

Section 21.10. Municipal Bond Insurance Policy.

In the event the Water Agency determines to obtain either a Municipal Bond Insurance Policy with respect to the 2015 Bonds or any portion thereof, any requirements,

conditions and agreements relating thereto shall be included in a Certificate of the Agency, the form of which is attached hereto as Exhibit A.

Section 21.11. Tax Covenants.

The covenants set forth in Sections 6.13, 6.15, 6.16, 6.17, 6.18 and 6.19 of the Master Ordinance shall apply to the 2015 Series A Bonds, but not to the 2015 Series A-T Bonds.

Section 21.12. Amendment of Section 5.07 of the Ordinance.

The amendments to Section 5.07 have been incorporated into this Master Ordinance.

Section 21.13. Effective Date; Operative Date.

This Ninth Supplemental Ordinance shall be effective immediately upon its adoption, and shall be operative as of the date of issuance of its 2015 Bonds. This Ninth Supplemental Ordinance shall supplement the Master Ordinance only so long as any of the 2015 Bonds are outstanding, provided that Section 21.12 shall survive the retirement of the 2015 Bonds. The provisions contained in the Certificate of the Agency the form of which is set forth as Exhibit A hereto shall be deemed incorporated herein with the same force and effect as if fully set forth herein.

Section 21.14. Severability.

If any section, subsection, sentence, clause or phrase of this Ninth Supplemental Ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion thereof. The Board of Directors hereby declares that it would have passed this Ninth Supplemental Ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

**Article XXII
Issue of 2019 Bonds**

Section 22.01. Issuance of 2019 Bonds.

A series of Bonds to be issued under the Master Ordinance is hereby created. The provisions of this Tenth Supplemental Ordinance in Article XXII, other than in Section 22.10, shall remain in effect only so long as any of the 2019 Bonds are Outstanding. The 2019 Bonds are being issued on a parity with the 2015 Series A Bonds, the 2015 Series A-T Bonds, the 2012 Series A Bonds and the State Loan.

Upon the execution and delivery of this Tenth Supplemental Ordinance, the Water Agency shall execute and deliver 2019 Bonds in an original principal amount not to exceed

\$14,500,000 to the Trustee for authentication and delivery to the Participating Underwriter with respect to the 2019 Bonds upon the Request of the Agency.

Section 22.02. Application of Proceeds of Sale of 2019 Bonds.

(a) Upon the receipt by the Trustee of payment for the 2019 Bonds on the Closing Date in an amount equal to the principal amount of the 2019 Bonds, plus net original issue premium, if any, less net original issue discount, if any, less the underwriter's discount, and less the Municipal Bond Insurance Policy premium, if any, shall be deposited in the Bond Proceeds Fund, which is hereby created as a temporary fund to be held by the Trustee. Following such deposit, the Trustee shall promptly disburse amounts on deposit in the Bond Proceeds Fund as follows:

(i) The Trustee shall transfer to the 2019 Cost of Issuance Fund (created in Section 22.05 below) an amount equal to the Costs of Issuance (as defined in Section 22.05 below).

(ii) The Trustee shall transfer to the 2019 Subaccount of the Reserve Account (created in Section 22.03 below) an amount specified in a Certificate of the Agency or a Request of the Agency delivered to the Trustee.

(iii) The Trustee shall transfer the remaining proceeds of the 2019 Bonds on deposit in the Bond Proceeds Fund to the Treasurer for deposit in the 2019 Series A Account of the Construction Fund (created in Section 22.04 below).

(iv) Upon the Treasurer's disbursement and transfer of such amounts, the Trustee shall close the Bond Proceeds Fund.

(b) The Water Agency shall provide the Trustee a Certificate of the Agency or a Request of the Agency specifying the amount of each such deposit or transfer to be made on the Closing Date.

Section 22.03. Reserve Account.

(a) There is hereby created within the Reserve Account held by the Trustee a "2019 Subaccount." On the Closing Date, the Trustee shall deposit in the 2019 Subaccount of the Reserve Account proceeds of the 2019 Bonds as specified in a Certificate of the Agency or a Request of the Agency, which shall equal the Reserve Requirement for the 2019 Bonds as of the Closing Date. The 2019 Subaccount of the Reserve Account shall only secure the 2019 Bonds, and the 2019 Bonds shall not be secured by any other amounts on deposit in the Reserve Account. Any deficiency in the Reserve Account shall be replenished from available Net Revenues pursuant to Section 5.03.

(b) Upon the payment or defeasance in full of the 2012 Series A Bonds, the Reserve Requirement for the 2019 Bonds may, at the option of the Agency as evidenced by a written notice to the Trustee, be reduced to any amount, including zero. Following such reduction, the amount so released from the 2019 Subaccount of the Reserve Account shall, at the

option of the Agency, be either used to redeem 2019 Bonds on the next available redemption date or transferred to the Water Agency and used to finance capital improvements to the Transmission System.

Section 22.04. Construction Fund.

(a) There is hereby created within the Construction Fund held by the Treasurer a “2019 Series A Account.”

(b) The Treasurer shall disburse amounts on deposit in the 2019 Series A Account of the Construction Fund as provided in Section 3.04 hereof, in order to acquire and pay for the 2019 Improvements. The Treasurer shall account for all funds on deposit in the 2019 Series A Account of the Construction Fund separate and apart from all other funds of the Water Agency.

Section 22.05. 2019 Cost of Issuance Fund.

There is hereby created a fund to be known as the "Sonoma County Water Agency Water Revenue Bonds, 2019 Cost of Issuance Fund" (the "2019 Cost of Issuance Fund"), which is to be held by the Trustee and is hereby created. The moneys in the 2019 Cost of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of invoices, accompanied by a signed Request of the Water Agency to pay such invoices, on or after the Closing Date. Such Request shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request or in the invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the Water Agency with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

Any funds remaining in the 2019 Cost of Issuance Fund 90 days after the Closing Date shall be transferred by the Trustee to the Debt Service Fund and the Trustee shall, upon making such transfer, close the 2019 Cost of Issuance Fund.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the 2019 Bonds, including but not limited to compensation, fees and expenses of the Water Agency and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, municipal bond insurance or surety bond premiums, publication, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

Section 22.06. Terms of 2019 Bonds.

The 2019 Bonds are authorized to be issued by the Water Agency under and subject to the Act, the Revenue Bond Law and the terms of the Master Ordinance and shall be issued in an original principal amount not to exceed \$14,500,000.

The 2019 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, in accordance with the form set forth in the Master Ordinance. None of the 2019 Bonds shall bear interest at a rate exceeding 12% per annum. The principal of the 2019 Bonds shall amortize, together with interest thereon, to achieve debt service that is as close as practicable to level debt service over the life of the 2019 Bonds (given the actual interest rates on the 2019 Bonds). The 2019 Bonds may be issued in the form of Serial Bonds and/or Term Bonds, and shall each mature on July 1 of the year of their maturity, provided that no 2019 Bonds shall exceed a term of 40 years. After the sale of the 2019 Bonds, the final maturity schedule, interest rates, redemption features relating to the 2019 Bonds and any necessary corrections to this Tenth Supplemental Ordinance shall be set forth in a Certificate of the Agency, which Certificate of the Agency shall be in the form attached hereto as Exhibit A and shall be deemed to be part of the Master Ordinance.

Interest on the 2019 Bonds shall be payable on each Interest Payment Date, commencing January 1, 2020, to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the 2019 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2019 Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any 2019 Bond shall be paid upon presentation and surrender thereof at the designated office of the Trustee in San Francisco, California. Both the principal of and interest and premium (if any) on the 2019 Bonds shall be payable in lawful money of the United States of America.

The 2019 Bonds shall be dated their date of delivery and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to December 15, 2019, in which event such interest is payable from their date of delivery; 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 date to which interest has previously been paid or made available for payment thereon in full. The form of the 2019 Bonds shall be as set forth in Section 2.03, and the 2019 Bonds shall be subject to Sections 2.04 and 2.06 through 2.11 of the Master Ordinance.

Section 22.07. Redemption of 2019 Bonds.

The 2019 Bonds shall be subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from insurance or condemnation proceeds as provided in the Certificate of the Agency the form of which is attached hereto as Exhibit A. Notwithstanding anything in the Master Ordinance to the contrary, the Water Agency shall have

the right to cancel the notice of any optional redemption by providing written notice of such cancellation to the Trustee not less than 5 days prior to the date set for redemption.

Section 22.08. Continuing Disclosure.

The Water Agency hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) as originally executed as of the date of issuance and delivery of the 2019 Bonds, and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Tenth Supplemental Ordinance, failure by the Agency to comply with the Continuing Disclosure Agreement shall not constitute a default hereunder; provided, however, that any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any Owner or beneficial owner of the 2019 Bonds may take such action as may be necessary and appropriate to compel performance by the Water Agency of its obligations under this Section, including seeking mandamus or specific performance by court order. All capitalized terms used but not defined in this Section shall have the meanings given in the Continuing Disclosure Agreement.

Section 22.09. Municipal Bond Insurance Policy.

If the Water Agency determines to obtain either a Municipal Bond Insurance Policy with respect to the 2019 Bonds or any portion thereof, any requirements, conditions and agreements relating thereto shall be included in a Certificate of the Agency, the form of which is attached hereto as Exhibit A.

Section 22.10. Tax Covenants.

The covenants set forth in Sections 6.13, 6.15, 6.16, 6.17, 6.18 and 6.19 of the Master Ordinance shall apply to the 2019 Bonds.

Section 22.11. Amendment of Section 1.03 of the Master Ordinance.

The amendments to Section 1.03 have been incorporated into this Master Ordinance.

Section 22.12. Effective Date; Operative Date.

This Tenth Supplemental Ordinance shall be effective immediately upon its adoption, and shall be operative as of the date of issuance of the 2019 Bonds. This Tenth Supplemental Ordinance shall supplement the Master Ordinance only so long as any of the 2019 Bonds are outstanding. The provisions contained in the Certificate of the Agency the form of which is set forth as Exhibit A hereto shall be deemed incorporated herein with the same force and effect as if fully set forth herein.

Section 22.13. Severability.

If any section, subsection, sentence, clause or phrase of this Tenth Supplemental Ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect

the validity of the remaining portion thereof. The Board of Directors hereby declares that it would have passed this Tenth Supplemental Ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

Article XXIII
Issue of 2022 Bonds

Section 23.01. Issuance of 2022 Bonds.

A series of Bonds to be issued under the Master Ordinance is hereby created. The provisions of this Eleventh Supplemental Ordinance in Article XXIII, other than in Section 23.10, shall remain in effect only so long as any of the 2022 Bonds are Outstanding. The 2022 Bonds are being issued on a parity with the 2019 Series A Bonds, the 2015 Series A Bonds, the 2015 Series A-T Bonds, and the State Loan.

Upon the execution and delivery of this Eleventh Supplemental Ordinance, Sonoma Water shall execute and deliver 2022 Bonds in an original principal amount not to exceed \$30,000,000 to the Trustee for authentication and delivery to the Participating Underwriter with respect to the 2022 Bonds upon the Request of the Agency.

Section 23.02. Application of Proceeds of Sale of 2022 Bonds.

(a) Upon the receipt by the Trustee of payment for the 2022 Bonds on the Closing Date in an amount equal to the principal amount of the 2022 Bonds, plus net original issue premium, if any, less net original issue discount, if any, less the underwriter's discount, and less the Municipal Bond Insurance Policy premium, if any, shall be deposited in the Bond Proceeds Fund, which is hereby created as a temporary fund to be held by the Trustee. Following such deposit, the Trustee shall promptly disburse amounts on deposit in the Bond Proceeds Fund as follows:

(i) The Trustee shall transfer to the 2022 Cost of Issuance Fund (created in Section 23.05 below) an amount equal to the Costs of Issuance (as defined in Section 23.05 below).

(ii) If and to the extent Sonoma Water determines to refund the 2012 Series A Bonds based on market conditions on the pricing date for the 2022 Bonds, the Trustee shall deposit in the 2022 Series A Refunding Fund (as defined below) the amount of proceeds determined to be necessary to refund, and to redeem on July 1, 2022, in whole or in part, as applicable, the 2012 Series A Bonds.

(iii) The Trustee shall transfer the remaining proceeds of the 2022 Bonds on deposit in the Bond Proceeds Fund to the Treasurer for deposit in the 2022 Series A Account of the Construction Fund (created in Section 23.04 below).

(iv) Upon the Treasurer's disbursement and transfer of such amounts, the Trustee shall close the Bond Proceeds Fund.

(b) Sonoma Water shall provide the Trustee a Certificate of the Agency or a Request of the Agency specifying the amount of each such deposit or transfer to be made on the Closing Date.

Section 23.03. Refunding Fund.

If and to the extent Sonoma Water determines to refund the 2012 Series A Bonds based on market conditions on the pricing date for the 2022 Bonds, on the Closing Date, the Trustee shall deposit in the "Sonoma County Water Agency Water Revenue Bonds, 2022 Series A Refunding Fund (the "2022 Series A Refunding Fund"), which is to be held by the Trustee and is hereby created, the amount required by Section 23.02(a)(ii). The Trustee shall apply such amounts to refund and redeem 2012 Series A Bonds as directed in a Request of the Agency, which may be in the form of an escrow deposit and trust agreement or irrevocable refunding instructions, and, upon the redemption of the 2012 Series A Bonds, shall then close the 2022 Series A Refunding Fund.

Section 23.04. Construction Fund.

(a) There is hereby created within the Construction Fund held by the Treasurer a "2022 Series A Account."

(b) The Treasurer shall disburse amounts on deposit in the 2022 Series A Account of the Construction Fund as provided in Section 3.04 hereof, in order to acquire and pay for the 2022 Improvements. The Treasurer shall account for all funds on deposit in the 2022 Series A Account of the Construction Fund separate and apart from all other funds of Sonoma Water.

Section 23.05. 2022 Cost of Issuance Fund.

There is hereby created a fund to be known as the "Sonoma County Water Agency Water Revenue Bonds, 2022 Cost of Issuance Fund" (the "2022 Cost of Issuance Fund"), which is to be held by the Trustee and is hereby created. The moneys in the 2022 Cost of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of invoices, accompanied by a signed Request of the Agency to pay such invoices, on or after the Closing Date. Such Request shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request or in the invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by Sonoma Water with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

Any funds remaining in the 2022 Cost of Issuance Fund 90 days after the Closing Date shall be transferred by the Trustee to the Debt Service Fund and the Trustee shall, upon making such transfer, close the 2022 Cost of Issuance Fund.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the 2022 Bonds, including but not limited to compensation, fees and expenses of Sonoma Water and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, municipal bond insurance or surety bond premiums, publication, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

Section 23.06. Terms of 2022 Bonds.

The 2022 Bonds are authorized to be issued by Sonoma Water under and subject to the Act, the Revenue Bond Law and the terms of the Master Ordinance and shall be issued in an original principal amount not to exceed \$30,000,000.

The 2022 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, in accordance with the form set forth in the Master Ordinance. None of the 2022 Bonds shall bear interest at a rate exceeding 12% per annum. The principal of the 2022 Bonds shall amortize, together with interest thereon, to achieve debt service that is as close as practicable to level debt service over the life of the 2022 Bonds (given the actual interest rates on the 2022 Bonds). The 2022 Bonds may be issued in the form of Serial Bonds and/or Term Bonds, and shall each mature on July 1 of the year of their maturity, provided that no 2022 Bonds shall exceed a term of 40 years. After the sale of the 2022 Bonds, the final maturity schedule, interest rates, redemption features relating to the 2022 Bonds and any necessary corrections to this Eleventh Supplemental Ordinance shall be set forth in a Certificate of the Agency, which shall be in the form attached hereto as Exhibit A and shall be deemed to be part of the Master Ordinance.

Interest on the 2022 Bonds shall be payable on each Interest Payment Date, commencing January 1, 2023, to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the 2022 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2022 Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any 2022 Bond shall be paid upon presentation and surrender thereof at the designated office of the Trustee in San Francisco, California. Both the principal of and interest and premium (if any) on the 2022 Bonds shall be payable in lawful money of the United States of America.

The 2022 Bonds shall be dated their date of delivery and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of

authentication is prior to December 15, 2022, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any 2022 Bond, interest thereon is in default, such 2022 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full. The form of the 2022 Bonds shall be as set forth in Section 2.03, and the 2022 Bonds shall be subject to Sections 2.04 and 2.06 through 2.11 of the Master Ordinance.

Section 23.07. Redemption of 2022 Bonds.

The 2022 Bonds shall be subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from insurance or condemnation proceeds as provided in the Certificate of the Agency the form of which is attached hereto as Exhibit A. Notwithstanding anything in the Master Ordinance to the contrary, Sonoma Water shall have the right to cancel the notice of any optional redemption by providing written notice of such cancellation to the Trustee not less than 5 days prior to the date set for redemption.

Section 23.08. Continuing Disclosure.

Sonoma Water hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) as originally executed as of the date of issuance and delivery of the 2022 Bonds, and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Eleventh Supplemental Ordinance, failure by Sonoma Water to comply with the Continuing Disclosure Agreement shall not constitute a default hereunder; provided, however, that any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any Owner or beneficial owner of the 2022 Bonds may take such action as may be necessary and appropriate to compel performance by Sonoma Water of its obligations under this Section, including seeking mandamus or specific performance by court order. All capitalized terms used but not defined in this Section shall have the meanings given in the Continuing Disclosure Agreement.

Section 23.09. Municipal Bond Insurance Policy.

If Sonoma Water determines to obtain either a Municipal Bond Insurance Policy with respect to the 2022 Bonds or any portion thereof, any requirements, conditions and agreements relating thereto shall be included in a Certificate of the Agency, the form of which is attached hereto as Exhibit A.

Section 23.10. Tax Covenants.

The covenants set forth in Sections 6.13, 6.15, 6.16, 6.17, 6.18 and 6.19 of the Master Ordinance shall apply to the 2022 Bonds.

Section 23.11. Amendments to the Master Ordinance.

The amendments to Section 1.03 and Section 11.14 have been incorporated into this Master Ordinance.

Section 23.12. Effective Date; Operative Date.

This Eleventh Supplemental Ordinance shall be effective immediately upon its adoption, and shall be operative as of the date of issuance of the 2022 Bonds. This Eleventh Supplemental Ordinance shall supplement the Master Ordinance only so long as any of the 2022 Bonds are outstanding. The provisions contained in the Certificate of the Agency the form of which is set forth as Exhibit A hereto shall be deemed incorporated herein with the same force and effect as if fully set forth herein.

Section 23.13. Severability.

If any section, subsection, sentence, clause or phrase of this Eleventh Supplemental Ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion thereof. The Board of Directors hereby declares that it would have passed this Eleventh Supplemental Ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

In regular session of the Board of Directors of the Sonoma County Water Agency, passed and adopted this ____ day of _____, 2026, on regular roll call of the members of said Board by the following vote:

Directors:

Hermosillo:	Rabbitt:	Coursey:	Gore:	Hopkins:
Ayes:	Noes:	Absent:	Abstain:	

So Ordered.

WHEREUPON, the Chair declared the above and foregoing Ordinance duly adopted and

SO ORDERED.

Chair, Board of Supervisors
County of Sonoma

ATTEST:

Clerk of the Board of Supervisors

EXHIBIT A

CERTIFICATE OF THE AGENCY

The undersigned, the duly appointed, qualified and acting General Manager of the Sonoma County Water Agency, a water agency duly organized and existing under the Constitution and laws of the United States of America (the "Agency"), hereby certifies and agrees as follows:

1. **Bond Proceeds.** The deposits and disbursements to be made under Section 24.02(a) are as follows:

Deposits to Bond Proceeds Fund

Principal amount of the 2026 Bonds
Plus Net Original Issue Premium / Less
Original Issue Discount
Less Participating Underwriter's discount
Less Municipal Bond Insurance Policy
premium
Total: _____

Disbursements from Bond Proceeds Fund

Deposit to 2026 Cost of Issuance Fund
Transfer to Escrow Agent
Deposit to 2026 Series A Account of the Construction
Fund
Total: _____

2. **Maturity Schedule.** The Bonds shall mature on July 1 of each year as follows:

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
------------------------------------	-----------------------------------	--------------------------------

*Term Bonds

3. **Redemption Terms.** The Bonds shall be subject to redemption as follows:

Optional Redemption. The Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to maturity. The Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective maturity dates, at the option of the Agency, as a whole or in part on any Business Day, in any order directed by the Agency, and if the Agency fails to direct the order, pro rata among maturities, and by lot within a maturity, on any Business Day on or after July 1, 20__, from any source of available funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection 45 days prior to the date fixed for redemption, and shall deposit all amounts required for such redemption with the Trustee at least one day prior to the date fixed for such redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on July 1, 20__ and July 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part at a redemption price of 100% of the principal amount thereof (without premium) plus accrued interest to the date fixed for redemption, on July 1 in the years set forth below, and in the amounts set forth below:

20__ Term Bonds

Sinking Fund Redemption Date (July 1)	<u>Sinking Payments</u>
---	-------------------------

*Scheduled maturity

20__ Term Bonds

Sinking Fund
Redemption Date
(July 1) Sinking Payments

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The Bonds are also subject to redemption as a whole or in part on any date, in any order directed by the Agency, and if the Agency fails to direct the order, pro rata among maturities, and by lot within a maturity, to the extent of the Net Proceeds of hazard insurance not used to repair or rebuild the Transmission System or the Net Proceeds of condemnation awards received with respect to the Transmission System to be used for such purpose pursuant to Sections 6.03 or 6.06 of the Master Ordinance, at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

Special Mandatory Redemption From Excess Amounts in Construction Fund. The Bonds are also subject to redemption as a whole or in part on any date, in any order directed by the Agency, and if the Agency fails to direct the order, pro rata among maturities, and by lot within a maturity, to the extent of excess amounts on deposit in the Construction Fund to be used for such purpose pursuant to Section 3.04(c) of the Master Ordinance, at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

4. *Municipal Bond Insurance Provisions.* In connection with the Municipal Bond Insurance Policy, the Agency agrees to comply with the following provisions:

[to come]

The provisions set forth herein shall be deemed incorporated in full in the supplemental ordinance of the Agency entitled “_____ Supplemental Ordinance Providing for the Issuance of Not to Exceed \$_____ Principal Amount of Sonoma County Water Agency Water Revenue Bonds, _____ Series __,” with the same force and effect as if fully set forth therein.

Dated: _____

SONOMA COUNTY WATER AGENCY

By: _____
General Manager

EXHIBIT B

FORM OF BOND

[FORM OF FULLY REGISTERED BOND]

No. R _____

\$ _____

State of California

County of Sonoma

**SONOMA COUNTY WATER AGENCY
WATER REVENUE BOND**

Series _____

SONOMA COUNTY WATER AGENCY, a public district duly organized and existing under and pursuant to the laws of the State of California (hereinafter called the "Agency"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to _____ or registered assigns, on _____ (subject to any right of prior redemption hereinafter mentioned), the principal sum of _____ Dollars (\$ _____), together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered on an interest payment date, in which event it shall bear interest from the date of registration, or unless this Bond is registered prior to the first interest payment date, in which event it shall bear interest from its date) until the principal hereof shall have been paid, at the rate of _____ per cent (___%) per annum, payable semiannually on _____ and _____ in each year. Both the principal hereof and interest hereon are payable at the principal office of _____, the Trustee, in _____, California, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Sonoma County Water Agency Water Revenue Bonds (herein called the "Bonds") of the series and designation indicated on the face hereof. Said issue of Bonds consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as provided in the ordinance hereinafter referred to, all issued and to be issued pursuant to the provisions of the laws of the State of California, including the Sonoma County Water Agency Act and the Revenue Bond Law of 1941 (herein collectively called the "Act"). This Bond is issued pursuant to an ordinance of the Board of Directors of the Agency, adopted December 28, 1970, as amended, providing for the issuance of the Bonds, and a _____ Supplemental Ordinance, authorizing the issuance of the Bonds of Series _____ (said Ordinance and _____ Supplemental Ordinance being herein collectively called the "Ordinance"). Reference is hereby made to the Ordinance and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Ordinance, and the rights of the registered owners of the Bonds; and all the terms

of the Ordinance and the Act are hereby incorporated herein and constituted a contract between the Agency and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his acceptance hereof, consents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Ordinance) are payable from, and are secured by a charge and lien on, the Net Revenues derived by the Agency from the Transmission System (as those terms are defined in the Ordinance). The Agency hereby covenants and warrants that, for the payment of the Bonds and interest thereon, there have been created and will be maintained by the Agency special funds into which there shall be deposited from Net Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Bonds, as such principal and interest becomes due, and as an irrevocable charge the Agency has allocated Net Revenues to such payment, but nevertheless the Agency may expend Net Revenues for, other purposes, all in accordance with the Ordinance.

The Bonds are special obligations of the Agency, and are payable, both as to principal and interest, and as to any premiums upon the redemption thereof, solely out of the Net Revenues pertaining to the Transmission System, as described in the Ordinance, and not out of any other fund or moneys of the Agency. No owner of this Bond shall ever have the right to compel any exercise of the taxing power of the Agency to pay this Bond or the interest hereon.

[There shall be set forth on the face of each Bond, at this point, a paragraph briefly describing the terms of redemption prior to maturity of the Bonds of the series which include said Bond, or a statement that Bonds of said series are not subject to redemption prior to maturity, as the case may be.]

The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and any multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Ordinance, fully registered Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of other authorized denominations and of the same series and maturity.

This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the principal office of the Trustee in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

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

The rights and obligations of the Agency and of the Owners and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Ordinance, provided that no such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or reduce

the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (ii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the Owners of all of the Bonds then outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Agency pertaining to the Transmission System, is within every debt and other limit prescribed by the Constitution and statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Ordinance.

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

IN WITNESS WHEREOF, SONOMA COUNTY WATER AGENCY has caused this Bond to be executed in its name and on its behalf by the Chairman of its Board of Directors and by its Treasurer and countersigned by its Clerk, and the seal of the Agency to be imprinted hereon, and this Bond to be dated as of the ___ day of _____, _____.

SONOMA COUNTY WATER AGENCY

By _____
Chairman of the Board of Directors

By _____
Treasurer of the Agency

(Seal)
Countersigned:

Clerk of the Agency

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Ordinance and authenticated and registered this ___ day of _____, ____.

_____, as Trustee

Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the Agency at the office of the Trustee, with full power of substitution in the premises.

Dated: _____

Note: The signature to this assignment must correspond with the name as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.